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RESTAURANTS

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ASSOCIATION MEETINGS

SEMINARS

Basic Foodservice Courses

Dining Room Management

3/15	Burlington, VT
4/4	Atlanta, GA
4/5	Orlando, FL
4/10	Virginia Beach, VA
4/18	Grand Rapids, MI
4/19	Milwaukee, WI
5/2	Washington, DC
5/29	Calgary, Alberta, Canada
5/30	Vancouver, BC, Canada
6/6	Cincinnati, OH
6/7	Louisville, KY
6/13	Atlantic City, NJ
6/20	Indianapolis, IN

Kitchen Management

4/10	Manchester, NH
4/11	Burlington, VT
4/17	Washington, DC
4/24	Austin, TX
4/25	Fort Worth, TX
5/8	Portland, OR
5/9	Seattle, WA
5/16	Colorado Springs, CO
6/6	Harrisburg, PA
6/12	Los Angeles, CA
6/13	Burlingame, CA
6/27	Honolulu, HI

Foodservice Management Courses

Banquet Management

4/11	Covington, KY
4/12	Detroit, MI
6/6	Minneapolis, MN
6/8	Cambridge, MA

Food Cost Management

3/20	Pittsburgh, PA
4/11	New Orleans, LA
4/25	Valley Forge, PA
4/26	Rockville, MD
6/6	Seattle, WA
6/7	Eugene, OR
6/27	Portland, ME

Off-Premises Catering

3/28-29	Tyson's Corner, VA
4/4-5	Chicago, IL
4/25-26	San Antonio, TX
5/24-25	Miami, FL
6/6-7	San Francisco, CA

Planning Successful Buffets

3/20	Baltimore, MD
4/3	Grand Rapids, MI
4/4	Minneapolis, MN
4/17	Hartford, CT
5/8	Boston, MA
6/12	Portland, OR
6/13	Seattle, WA

Profitability

3/21	Washington, DC
3/22	Buffalo, NY
4/3	Portland, ME
4/5	Boston, MA
4/6	Philadelphia, PA
6/7	New Orleans, LA
6/8	Tampa, FL

Seminars Scheduled During Show

5/21	Banquet Management
5/21	Creating, Planning and Implementing Successful Buffets
5/21	Dining Room Management
5/21	Do it Yourself Public Relations
5/21	Food Cost Management
5/21	Hiring In a Tight Labor Market
5/21	Increasing Sales
5/21	Kitchen Management
5/21	Menus that Sell
5/21	Perfecting Your Culinary Skills
5/21	Profitability
5/21	Soups and Sauces

For information, contact:
Educational Foundation of the National Restaurant Association
250 South Wacker Drive
Chicago, IL 60606
(312) 715-1010.

If your company is interested in our in-house programs, call or write to the attention of Jeff Harrison at the above address.

EXECUTIVE STUDY GROUP SERIES

Financial Officers
4/5–7 Orlando, FL

Food Purchasing Managers
5/18–19 Chicago, IL

Internal Auditors
3/14–17 Sanibel Island, FL

Management Information Systems
4/18–21 San Antonio, TX

Marketing Executives
5/17–20 Chicago, IL

Multi-unit Architects, Engineers and Construction Officers (MAECO)
5/17–19 Chicago, IL

Quality Assurance
4/26–28 Cincinnati, OH

Tax Executives
4/5–7 Orlando, FL

The Executive Study Groups present semi-annual professional development programs for executives who would like to meet with their industry peers to share ideas and concerns. Executives in each of the aforementioned disciplines from member foodservice companies are welcome and encouraged to participate.

For more information on specific study groups, contact: Philip Kralovec, (312) 853-2525.

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Restaurants USA

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PRESIDENT'S REPORT

Jim L. Peterson, President and Chief Executive Officer
Whataburger, Inc., Corpus Christi, TX

Our legislative battles are far from over

In spite of last year's successes, our fight against legislation that could harm our industry is far from over. In Congress, bills have been reintroduced that once again raise the question of who determines benefits and wages—the government or the owner-operator. Proposals to raise the minimum wage and to mandate parental leave have already been put forth, and we are expecting legislation to be introduced that will require employers to provide health benefits for all employees. We defeated this legislation last year with a tremendous grassroots effort. It is clear we will have to do so again.

In addition, many leaders in Congress seem to be in favor of further reducing the deduction on business-marketing meals—from 80 percent to 50 percent. Your association is preparing materials to explain to Congress how disastrous this legislation would be—not only for our industry but also for state and local governments and the millions of salespeople who use the business meal as their chief marketing tool.

Obviously, with this kind of legislation under consideration, we will be calling on each and every one of you to call, write or meet with your congressional representatives and senators to let them know your feelings on these issues. Only by turning out the same numbers as we did last year can we show our lawmakers that there is strong public opposition to this legislation.

Solid-waste approaches

At the recent Board meeting, we discussed the solid waste crisis. Even though the foodservice industry contributes very little to the problem, state and local legislatures are proposing an ever-greater number of restrictions on disposable packaging. Your association is preparing a statement urging multiple approaches to the solid waste problem, as opposed to programs that concentrate solely on reducing or prohibiting single classes of waste materials, such as foodservice waste or disposable containers. This statement will be distributed to state and local officials as well as to the media.

Repeal Section 89 of IRS code

We are also working, as part of a Washington coalition, to try to activate a grassroots effort by businesses throughout the country to repeal Section 89 of the Internal Revenue Code. The goal of Section 89 is to ensure that employer-sponsored benefits are fairly distributed to both higher and lower-paid employees. If you have tried as yet to comply with this provision, you know firsthand that its complicated provisions and burdensome requirements are counterproductive. That is why we are supporting the repeal bill introduced in the House by Congressman John LaFalce (D-NY) and in the Senate by Senator Trent Lott (R-MS).

New drunk driving concerns

There seems to be a growing concern once more in our country about the problem of drunk driving. The National Restaurant Association shares this concern and since 1982 has had a strong program in place to help restaurateurs prevent drunk driving.

Unfortunately, there are those who will use this issue to give support to their personal battle for prohibition. These people usually focus on reducing the availability of alcohol rather than on educating young people about responsible use of alcohol or on treating those problem drinkers who cause the great bulk of alcohol-related accidents.

We are expecting recommendations from the National Academy of Sciences that may propose a reduction in the legal Blood Alcohol Content (BAC) that correlates with legal intoxication. We also expect the Surgeon General to issue a report on drunk driving very soon, which will contain many suggestions for reducing the availability of alcohol and very few suggestions for helping problem drinkers. Your association is in contact with the parties responsible for this decision and report and is already attempting to point out to our legislators how inadequate these measures may be.

In the interim, it is important that every operator who serves alcohol provide alcohol-awareness training programs for his or her employees. A list of such programs is available through the association's information service. The association has also produced both an hour-long and a 25-minute-long videotape on alcohol-awareness training. These tapes are available through the publications department.

Two new studies published

Your association's research department has recently issued two new studies. *The Hourly Wage Survey* is a survey of the average wages paid to hourly foodservice employees in all categories. For the first time, state-by-state results are also included. Any member who would like information pertaining to his or her state can obtain it by calling the association's information service.

The second publication, *Tableservice Trends 1989*, examines both consumer and operator attitudes about a number of controversial issues, such as the introduction of the service charge, setting up smoking sections and the handling of reservations and no-shows. It also discusses a variety of other features from the standpoint of the customer and the operator, among them on-premises bakeries, remodeling, and menu items for nutrition-conscious diners. For further information on how to order either study, call the information service.

1989 Show: May 20-24

It's not too early to begin thinking about the Show, to be held this year May 20 through May 24. During those dates Chicago's McCormick Place will be the site of 1.2 million square feet of exposition and countless educational programs. You don t know the last word in foodservice unless you've been to the National Restaurant Association Restaurant, Hotel, Motel Show. Start planning now to join me in Chicago in May.

Last month, 100 new members joined your association. We welcome them among our ranks and assure them that their participation in our programs will strengthen both their own business and the industry as a whole.

Sincerely,

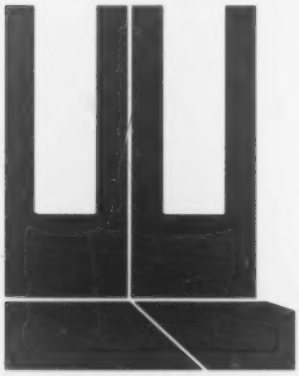
Jim L. Peterson
President and Chairman of the Board

RESTAURANTS USA

COVER STORY: WHERE ARE THE "MOMS AND POPS"?

12 What's happening to the traditional franchise restaurant owners? The mom-and-pop entrepreneurs seem to be disappearing from foodservice franchising as large chains look to more experienced—and capital-rich—small investors. This lead article in ***Restaurant USA's*** franchise issue discusses the implications of the shift in ownership.

SPECIALS



16 Time to franchise?
Is your operation ready to become the prototype for several—maybe hundreds—of units selling your special concept? Before taking the plunge into the fast-growing franchise sector, there are some questions to ask and issues to consider.

18 Calling it quits
There are many reasons for bright, motivated managers to lose their enthusiasm for the day-in, day-out hard work and craziness of the restaurant business. This "year-of-the-employee" article looks at some of the key reasons that managers leave their jobs—and points to ways to keep them.

20 Conference report—Going beyond traditional employment sources
The association's symposium, "Foodservice Employment 2000," brought together people who needed to talk—foodservice employers trying to build a strong workforce, and representatives from groups who may be able to supply that workforce, including Hispanics, Blacks, the handicapped, seniors and women.

21 Forging closer ties to Hispanics
Hispanics are the fastest-growing—and youngest—minority group in the United States. If the foodservice industry learns more about Hispanics—their talents, needs and special characteristics—it will find them to be loyal and productive employees.

24 Buffalo
It's low in cholesterol, versatile and all-American. Could buffalo be the "meat of the 90s"?

26 Glasnost in the kitchen
As the relationship between the governments of the United States and the Soviet Union warms up, so do the opportunities for expanding American foodservice behind the Iron Curtain. This new openness, or *glasnost*, is also allowing exciting culinary exchanges to take place between the two countries. Don't miss the sidebar on Russian foods.

32 Ways to reduce workers' comp. claims
Having a system in place to deal with on-the-job injuries before they occur is the best way to prevent a costly workers' compensation claim.

Cover photo by Peter Krogh

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Octagonal box for Domino's

Square may be out for pizza cartons. Domino's Pizza is replacing its square pizza cartons with an octagonally shaped box called Octabox.

Tests demonstrated that the new Octabox keeps pizzas hotter than the square box, keeps toppings from sticking to the lid and earns points with in-store personnel, who prefer it over the traditional carrier.

The design uses 10 percent less cardboard, is less expensive to make and gives the company a unique look with its customers, but it retains the biodegradable qualities of the square box. Domino's Pizza tested more than 50 different pizza box designs before settling on the Octabox.

Meal-O-Saurus meal cartons

Admark, Inc., has introduced a new twist to promotional children's meal cartons: Meal-O-Saurus™. These cartons combine a dinosaur theme with an innovative container that features an open tray and a drink carrier to avoid messy spills in both restaurants and cars.

Each carton in the series of three features a realistic-style illustration of either the Stegosaurus, Tyrannosaurus or the Elasmosaurus, along with specific information about that particular species. Facts concerning dinosaurs in general are also included on each carton.

Golden Corral awards interest-free education loans

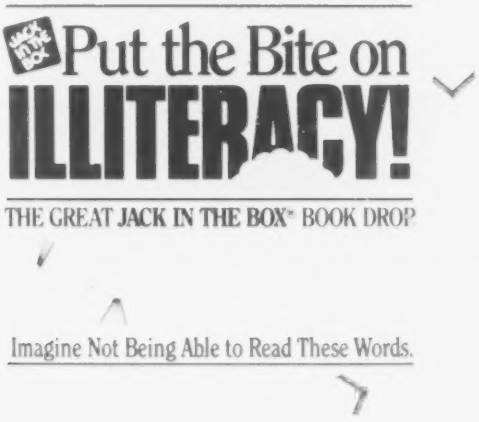
The future of 27 Golden Corral workers is brighter, thanks to the Golden Corral Education Fund, which provides education loans through the company's education fund. These interest-free loans are forgiven, if upon completion of schooling, the employees choose a career with Golden Corral.

The fund was initiated by James Maynard, board chairman of the Raleigh, North Carolina-based steakhouse chain, to commemorate the opening of Golden Corral's 500th restaurant in July 1987. The fund's 1989 endowment is $100,000.

Jack in the Box pitches in for literacy

Phoenix-area Jack in the Box customers have been dropping off their used books at Maricopa County's 66 restaurants and receiving a $1-off coupon for a grilled chicken fillet in return. On March 11, those books will be sold to benefit area library and literacy programs. There will be an auction of some bestsellers autographed by the likes of George Burns and Bill Cosby, as well as free food, drinks and prizes.

If the money-raising project is a success, Foodmaker, Inc., owner of the Jack in the Box restaurants, plans to duplicate the program in other cities.



Mobile restaurant tests the market

Arby's and the Getty Petroleum Corporation are testing the feasibility of codeveloping gasoline properties that might be too small for a standard sit-down fast food restaurant/gasoline-unit combination.

The Arby's restaurant is an 8-foot-by-36-foot mobile walkup that is placed on a location to test market conditions and sales patterns in the area. After a period of time, when the sales results for both the gasoline station and the food operation are reviewed, a decision is made whether to replace the mobile vehicle with a pre-fabricated Arby's Walk-Up Restaurant. This pre-fab restaurant can be either the same size or slightly larger than the mobile unit and can be placed on an existing slab. The mobile vehicle can then be moved to other locations, and the process continued.

Municipal reaction to this project appears to be favorable, as does consumer opinion.

A look at tableservice restaurant trends

What features are consumers looking for at tableservice restaurants this year? Do they want daily menu changes, nonsmoking sections, children's menus, on-premises bakeries or dessert displays?

What changes are being made in menus? How do restaurateurs deal with reservations and no-shows? Is the service-charge system becoming more popular?

All these questions and many more are answered in *Tableservice Restaurant Trends, 1989*. This report includes the results of a Gallup survey of consumers as well as an extensive survey of tableservice operators—both conducted in October 1988. It also includes an analysis of tableservice restaurant menus from 1988 and 1982.

The 178-page report covers such diverse topics as

- menu analysis
- nutrition issues
- reservations and no-shows
- service charges
- tableservice restaurant practices and features
- convenience services offered, including home delivery and off-premises catering
- remodeling plans and
- demographics of tableservice customers.

To order the report

Copies of *Tableservice Restaurant Trends, 1989* (CS 500) are available to members for $30 and to nonmembers for $60. All orders must be prepaid.

You may order by sending a check or money order to the National Restaurant Association Publications Department, 1200 Seventeenth Street, N.W., Washington DC 20036. Note: Washington DC residents must add 6 percent sales tax to their orders; Illinois residents must add 7 percent; and residents of Chicago must add an extra 1 percent, making their total sales tax 8 percent.

Add 10 percent to the total cost for postage and handling.

Credit-card orders are accepted over the phone for orders over $10. Call the association's Information Service and Library between 9:00 a.m. and 5:00 p.m. (Eastern Standard Time) at 1-800-424-5156 or (202) 331-5900 in Washington DC.

Hole wins $10,000 scholarship

Thomas J. Hole (left), the 1988-89 $10,000 Seagram Hospitality Management Scholarship winner, accepts the award from Lawrence J. Weiss, Vice President–National Account Sales, Joseph E. Seagram & Sons, Inc. The award is administered by The Educational Foundation of the National Restaurant Association.

"Look for the Rhino" program

More than 100 restaurants and nightclubs in the metropolitan Washington area have joined the "Look for the Rhino" campaign. The media-supported campaign is a coordinated effort to give restaurant and nightclub patrons essential information ranging from taxicab phone numbers to the dates of upcoming theater and sporting events, health and safety messages, and notices from local public service organizations, such as the Muscular Dystrophy Association.

The Rhino, spotlighted in the top left corner of each display and turned out in a blue waistcoat and black bow tie, is the identification symbol created for the campaign.

News from the schools

□ For the first time in its history, Cornell University's School of Hotel Administration is assigning faculty members to serve concurrently as department managers for its hotel on campus. Managers of most of the nation's university hotels have no teaching responsibilities.

□ The Escoffier Restaurant at The Culinary Institute of America has received a four-star rating for 1989 from *The Mobil Travel Guide*.

□ Twenty-seven hotel, restaurant management and dietetics students at Kansas State University prepare evening meals two days a week for the Manhattan Emergency Shelter as part of a class requirement.

TOURISM WORKS FOR AMERICA

NATIONAL TOURISM WEEK · MAY 14-20, 1989

Importing foreign workers

If you thought temporary agencies and leasing firms were revolutionary recruiting channels, try this one on for size. The service industry may soon be using law firms to reserve foreign workers for the future.

Johnson & Freedman, P.C., a Wheaton, Maryland, law firm that specializes in immigration matters, is touting the advantages of recruiting entry-level aliens or foreign workers for future jobs through labor certification. Employers can use the law firm to reserve a worker, or groups of workers (up to 100), who agree to work for the employer for at least one year as they earn their "green card."

According to the law firm, recruiting employees by labor certification can result in savings on advertising, recruiting expenses and other costs associated with high employee turnover rates. Johnson & Freedman assumes the responsibility for supplying and prescreening the prospective employees. The prospective employees assume all costs associated with the process. There is no cost, obligation or liability to the employer.

The bad news? The "quota" waiting period for an immigrant visa can be anywhere from one to three-and-one-half years. But employers might want to consider the program as a hedge against future shortages.

Burger King float bows to education

Burger King Corporation Regional Vice Presidents (from left) Rob Hill, Don Wollan and George Miller show off the Burger King-sponsored 1989 Tournament of Roses Association float. The entry, a salute to education tied to Burger King Corporation's "Education Enriches Everyone" umbrella program, showcased three high school students and their social studies teachers as riders. The students, grand prize winners of $5,000 college scholarships, were selected via an in-school American history essay contest, for which local Burger King restaurants served as collection points. More than 4 million middle school and junior and high school students were eligible to win.

Minimum-wage increase gathers steam

Moving forward in fits and starts, legislation to increase the minimum wage appears to be gathering steam in the Senate, where Labor and Human Resources Committee Chairman Ted Kennedy (D-MA) has made the increase a priority.

After postponing an early February committee vote on S. 4, the bill to raise the wage to $4.65 by 1992, Kennedy scheduled committee "markup" for March 8. Kennedy has held no hearings on the bill.

Both proponents and opponents of the wage hike are waiting for the administration to take a stand on the issue. Department of Labor Secretary Elizabeth Dŏle has not yet put forth a specific recommendation, although both she and President Bush have said the administration will not support any minimum-wage proposal that does not include a lower minimum wage for newly hired workers.

The National Restaurant Association remains opposed to minimum-wage hikes that either come right off an employer's bottom line or force employers to increase menu prices or cut back employee hours. It continues to argue for a lower training wage and for a higher tip credit.

Harkin calls for 50 percent tip credit

Sen. Tom Harkin (D-IA), at the urging of restaurateurs in his state, is again championing the restaurant industry's push in Congress for a higher tip credit.

On January 25, Harkin introduced a bill to move the credit from its current 40 percent level to 45 percent this year and 50 percent in 1990. Similar provisions have been proposed in the U.S. House by House Education and Labor Committee Chairman Rep. Gus Hawkins (D-CA).

The tip-credit issue will be part of the minimum-wage debate in both the House and Senate.

The National Restaurant Association urges all restaurateurs employing tipped workers to ask their U.S. senators to cosponsor or support Harkin's bill, S. 167, by calling the Capitol Switchboard at (202) 224-3121 or writing c/o the U.S. Senate, Washington DC 20510.

New clearinghouse with family policy ideas

If you're looking for ideas to help your employees cope with family demands, there's a new clearinghouse that may be of help.

The U.S. Department of Labor's Work and Family Clearinghouse can give information on such topics as where to look when arranging for on or off-site child care for workers and how to establish flexible leave or parental-leave policies. It also provides examples of family-oriented company programs already in place.

To find out more about the Work and Family Clearinghouse, contact the U.S. Department of Labor, Room S-3309, 200 Constitution Ave., N.W., Washington DC 20210; (202) 523-4486.

Parental-leave issue resurfaces

Parental and medical leave legislation is once again on the fast track in both the U.S. House and Senate. Leave proponents scheduled a quick first round of hearings in February and plan committee votes on the issue in March.

Rep. Bill Clay (D-MO), the sponsor of the House bill (H.R. 770), and Sen. Chris Dodd (D-CT), the chief Senate sponsor of S. 345, claim bipartisan backing for the leave mandates; 20 Senate cosponsors and 136 House cosponsors have already signed up. President Bush's position on the legislation remains unclear, although he has said he opposes federally mandated benefits.

The House bill requires employers to give workers up to 10 weeks of leave every two years to care for a newly born or adopted child and up to 15 weeks in annual medical leave for the employee's own serious illnesses. The Senate version proposes 10 weeks of parental leave and 13 weeks of annual medical leave.

The House legislation would cover all employers with 50 or more workers employed within a 75-mile radius. Companies with 35 or more employees would be covered after three years. The Senate bill covers employers of 20 or more workers.

Under both bills, employers must guarantee workers on leave their same or a similar job when they return, and employers must continue to offer group health benefits to workers during their absence.

Business witnesses at the two hearings already held by House and Senate labor panels testified that although they support the concept of parental leave, they cannot support a federal mandate. "Congress is forcing its judgment onto the employer-employee relationship," said a representative from the National Federation of Independent Business, who argued that these bills "usurp the ability of the small business owner to make decisions critical to the operation of the business."

The National Restaurant Association has also expressed concern that the federal government assumes it knows what is best for workers. It argues that the proposed mandates would set precedents for future government intrusions into business, including the possibility of paid parental leave.

DCROUNDUP

☐ **Business meal on hit list.** Cutting the business meal deduction to 50 percent is on the Congressional Budget Office (CBO) list of 27 items legislators can turn to when trying to reduce the annual deficit. According to CBO, reducing the deduction from its current 80 percent level would yield $15.5 billion over five years.

Also on the list are an increase in alcohol excise taxes, an increase in the top marginal corporate tax rate, an employer-based tax on the value of fringe benefits they provide and a boost in the wage base on which employers pay federal unemployment taxes.

The National Restaurant Association has already mounted a major campaign to guard against any further erosion of the business-meal deduction.

☐ **Federal contractors face new drug-free workplace rules.** All employers awarded federal contracts of $25,000 or more after March 18, 1989, must adopt and maintain strict policies to keep their job sites free of drugs. Failure to comply may mean forfeiting all future government contracts.

☐ **Association protests panel's makeup.** The National Restaurant Association filed comments with the U.S. Department of Health and Human Services (HHS) protesting the restaurant industry's exclusion from the Surgeon General's Workshop on Drunk Driving. "As a leader in the fight against drunk driving, we believe we have much to offer," association president Jim Peterson told HHS.

The workshop's December recommendations included calls for stricter state dram-shop laws and a proposal to eliminate the deductibility of alcohol consumed during business meals. Surgeon General Koop has not yet said how he plans to use the workshop's recommendations.

☐ **Ban on equipment giveaways proposed.** Sen. Daniel Inouye (D-HI) has introduced a bill to prohibit large soft-drink manufacturers from giving restaurateurs beverage dispensing equipment for little or no charge.

Inouye and other critics say S. 114 will prohibit "monopolistic and anti-competitive" behavior that forces purchasers to buy the manufacturer's syrups, hurting soft drink competitors as well as those who sell the dispensing equipment.

The National Restaurant Association opposes Inouye's bill because it restricts a legitimate business promotion.

☐ **Bigger tax break for health premiums offered by unincorporated companies.** House Small Business Committee Chairman John LaFalce (D-NY) says it is unfair that corporations can deduct 100 percent of health-insurance premiums but owners of unincorporated businesses are limited to a 25 percent deduction. A new LaFalce proposal, H.R. 694, boosts the deduction for unincorporated businesses to 100 percent, hoping to spread health-insurance coverage to more small-business employees.

Meanwhile, other legislators are working to guarantee that the 25 percent deduction does not expire at the end of 1989, as scheduled. Rep. Jan Meyers (R-KS) has introduced H.R. 595 to make this deduction permanent.

☐ **Congress may look into solid waste.** Speaking to a small group of foodservice lobbyists on February 21, Sen. John Chafee (R-RI) predicted that Congress will be forced to find ways to reduce the volume of trash now straining the nation's landfills.

Federal action may not come this year, but will occur in the near future, Chafee predicted. He named packaging taxes and mandatory recycling as two options Congress may consider. Chafee is the ranking Republican on the Senate Environment and Public Works Committee, the panel that would be charged with studying the issue.

by Paul Moomaw

Gescheidle: The foundation's new boss looks ahead

Daniel Gescheidle is the new president of the Educational Foundation of the National Restaurant Association. He has assumed the reins at a time when education and training are crucial to the future of the foodservice industry's labor force. Armed with new ideas and a longtime commitment to education, Gescheidle is preparing to lead the foundation through a period of new growth.

"We are going to be more customer-service-oriented with our product," says Daniel Gescheidle, a foodservice executive for most of his career. The product he is talking about is not food, however. The product is education, and the customers are foodservice professionals.

Gescheidle, who has been president of the Educational Foundation since January, has worn many hats in the industry, including that of a manufacturer, operator and distributor. After working for Procter & Gamble and serving as president of Morton Salt Company, Gescheidle joined Don Roth's Restaurants in Chicago, where he was a partner and the company president. Most recently, Gescheidle was executive committee chairman of ComSource, the largest independent foodservice distribution organization in the country.

With the ComSource headquarters moving to Atlanta as the result of a merger, Gescheidle saw heading the Educational Foundation to be a timely challenge. "I was not going to move to Atlanta with the company," says Gescheidle, who lives in a Chicago suburb, "so this came about at a good time for me."

Gescheidle is not new to the field of education nor to the Educational Foundation; he served as a vice chairman of the foundation before assuming the presidency. Gescheidle is also a former chairman of the International Foodservice Manufacturers Association (IFMA), where he was a founder and chairman of the IFMA Educational Foundation. Gescheidle is a trustee emeritus of the Culinary Institute of America, and he has served as president of a local school board in Glencoe, Illinois. "I've always had that inclination," says Gescheidle of his propensity for getting involved in education projects.

Paul Moomaw is a communications specialist at the National Restaurant Association.

The foundation restructures

The Educational Foundation of the National Restaurant Association was formed in 1987 when the association's educational programs department was consolidated with the National Institute for the Foodservice Industry (NIFI). Now a further consolidation has been completed. The foundation's Washington and Chicago offices have been united into one office in downtown Chicago. The restructuring poises the foundation for the changes it must make to meet a growing demand for education, training and image-building materials.

Before the restructuring, says Gescheidle, "we were two separate organizations going in two different directions. The National Restaurant Association's Educational Programs Department was providing seminars, videos and learning materials, basically as a member service. At the same time, NIFI was educating people in foodservice sanitation. Meanwhile, no one was really saying, 'What does the industry need overall from an educational standpoint?' That's exactly what we're doing at the Educational Foundation. We're approaching it from an operator's standpoint."

Also within the scope of the Educational Foundation's activities are scholarship programs, the national conference series, scholarships for hospitality-industry students and career materials for high school students. "We've got more on our plate than we can eat, so to speak," says Gescheidle, emphasizing that many of the foundation's new initiatives are still in the planning stages. "It's a matter of making some choices between programs that will result in the best overall 'meal.' We'll be adding a number of new programs, updating others. The question that remains is how we will prioritize things. We have to identify where the holes are, in terms of education," says Gescheidle.

A key element in the foundation's focus will be creating new and better ways to market existing educational programs. Gescheidle believes that the unique educational demands of the foodservice industry must be catered to. "Cost and ease of delivery are important," says Gescheidle, referring to the importance of providing educational resources that restaurant industry professionals can use easily. "No restaurant owner can afford to take several months off for education, and no owner can afford to send his manager away to school for several weeks. That's just the reality of this business."

Targeting managers

Gescheidle feels that the best way for the foodservice industry to obtain a well-trained labor force is to have well-trained managers. "Our main focus is on the professional manager. It's important that we train our managers. They, in turn, will be training many others," he says.

"In order to get a curriculum together, we had to study the job of the professional manager. We've done that study. We know what the manager needs to know. Now it's just a matter of finding the best way to deliver that product," says Gescheidle. A cornerstone of the new emphasis on the professional manager will be the "Management Standard Program," in which a national standard will be set for measuring the performance of individual managers.

"Our main focus is on the professional manager. It's important that we train our managers. They, in turn, will be training many others."

Image enhancement

Gescheidle also recognizes the role the Educational Foundation can play in improving the image of careers in the foodservice industry. "That's definitely something that needs to be done. I've been involved for some time with a program called Careers For Youth, here in Chicago," says Gescheidle. "This program reaches out to young kids, as young as sixth grade, using role models from our industry. I think this is the wave of the future: discussing our industry in a careers format and bringing it right to the children, right in their schools, telling them about the opportunities for a career in our industry.

"Through this program, we've reached 30,000 students in Chicago, most of them inner-city minorities. We've shown them a film—the association's 'Ours is a Special World' film—and had presentations by 145 role models who put together an hour's talk simply describing their job and what they do. We get role models all the way from a sous chef to a man who delivers pizzas. The pizza deliverer talks about how important it is to the success of his company to get that pizza delivered on time. Believe me, he will have your eyes watering by the end of his talk; he's one of our best speakers."

In addition to reaching out to youngsters, Gescheidle adds that it's important to convince parents that the foodservice industry is a good place for their kids to work. "You need to win over the parents. They may say, 'I don't want my kid washing dishes,' or 'I don't want my kid wearing a funny hat.' They say those things because those are the only jobs they've ever seen in foodservice," says Gescheidle.

"They don't realize what is out there, and that's what we have to show them. You have to get to children and their parents early, and you have to show them a career path. Until you do, that family doesn't have respect for the industry. At our Careers For Youth program, we invited the parents to come with their children. By the end of the day, several mothers had come forward asking for information about jobs in the industry for themselves."

A foundation for the future

As more and more foodservice analysts warn of an impending labor shortage, the training, recruitment and retention of employees is becoming crucial to the future of the industry. The Educational Foundation, with Daniel Gescheidle at the helm, is working to train employees better, educate students and enhance the industry's image.

Winter board meeting report

The National Restaurant Association's board of directors held its annual winter meeting in Naples, Florida, in February. New developments resulting from the meeting include:

□ The formation of a Mandated Health Benefits Task Force to plan further research, communications and legislative strategy in support of the industry's lobbying campaign against any mandated-health-care proposals.

□ Two objectives for 1989 regarding the business-meal deduction: (1) to preserve and protect the business meal from further erosion and (2) to restore the deduction to 100 percent. As a related project, the association will produce a videotape on the business marketing meal that will demonstrate how to conduct a successful one-on-one business meeting over a restaurant meal. The videotape will be distributed through the American Marketing Association, the Sales Marketing Executives International Association, state associations and various other groups.

□ New joint membership agreements with three state restaurant associations: the Arizona Restaurant Association, the Kansas Restaurant Association, and the Vermont Lodging and Restaurant Association.

□ In January 1990, the association will participate in the annual International Food Editors Conference, a meeting of food editors and restaurant reviewers that draws more than 200 participants each year. The association will sponsor the opening banquet of the meeting and then present a "state of the foodservice industry" report the following day.

□ A forthcoming report on tourism from the association's research department will include practical information on how to attract foreign tourists, especially those traveling in groups.

□ Technical services will initiate two research projects in the coming months: The first will measure the effectiveness of hand-washing, hand sanitizers and disposable gloves; and the second will survey member restaurateurs about the performance of foodservice equipment.

□ State relations reported that packaging, mandated health benefits and a proliferation of local ordinances, including total bans on smoking in restaurants, will be prominent issues in the 1989 legislative year. The department will continue to develop its grassroots program, which now includes more than 700 restaurateurs who serve as Key Contacts for members of Congress. ❑

WHERE ARE THE "MOMS AND POPS"?

Owning a restaurant is the quintessence of the American dream for many. But as restaurant franchises become increasingly sophisticated, competitive and expensive, the "mom-and-pop" franchisees are being squeezed out of that dream by escalating real estate and equipment costs. Is the American dream slipping from the grasp of the would-be small restaurant franchise owner and into the hands of investor groups? Probably not, but the typical franchisee is changing.

by Marcia Hibsch Coppess

Although single-unit ownership is still the backbone of the restaurant industry, according to franchise consultants, long-established franchisors are leaning toward more experienced buyers who have the knowhow and wherewithal to survive the competitive times of an increasingly saturated market.

Two decades ago, the cash investment in an Arby's franchise was about $50,000, including the property and a down payment on equipment, says Ken Eranklin, president of Franchise Developments, Inc., a Pittsburgh-based franchise consulting firm. Today costs can approach $1 million. Real estate represents the bulk of the investment. But the buildings are also larger and more complicated, and the menus have expanded. Instead of walk-up locations, the restaurants seat 100 people; instead of one oven and a grill, they feature enough equipment to prepare chicken, fish, burgers, and the variety of side dishes and salads now being offered.

Arby's is not alone in the crescendoed startup costs. Overall, the cost of food franchises has risen from tens of thousands to hundreds of thousands of dollars in the last 20 years, says Franklin.

Thus, the traditional franchise owner seeking a modest entry into the restaurant business—whether a couple, an early retiree or a lone wolf—is often eliminated from established franchise systems merely by the prohibitive investment required.

A new kind of franchisee

A new kind of franchisee is emerging—the small-business investor. The difference between the traditional franchisee and the small-business investor is that the first is looking for a job; the second is looking for an investment *and* a job. Franchise investors typically have 10 or more years' experience in business and a net worth that exceeds $250,000. They are able to offer $100,000 or more in cash, plus enough equity in other possessions to finance a similar amount. More important, they have enough business experience to move within the system while operating in it autonomously. Even today's "moms and pops" probably learned the rules of business in the corporate world before plunking down their investments for their piece of the American pie.

"As the gap widens between the rich and the poor, I think we'll see franchising experience even more popularity," says John Campbell, CEO of Franchise Masters, a management consulting and franchise development company based in Minneapolis. "A lot of very qualified business people and mid-management types have received pink slips and severance pay in recent years. They are 40 to 50 years old, with 20 years of business experience. They aren't as marketable in business as they would like to be, but they are more than qualified to run a small business. When they buy a franchise,

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Ruth Solair Keller

in effect, they invest their nest egg, buy themselves a job for life and keep the standard of living they had before."

Young people, too, are changing their aspirations. In past generations young people might have had the energy and drive to work long hours to build a small business from one franchise unit. But Franklin of Franchise Developments, Inc., is seeing a new kind of youthful entrepreneur. When he acts as a guest instructor to a class on entrepreneurism at Carnegie-Mellon's graduate business school, students no longer ask how to get started and build a business.

"They want to know how to get in early, buy the rights to a territory, then sell out," he says. "They care about maximizing profits, not whether they are selling food, paper clips or computer stores. It's not the nest egg/family business built on pride and hard work. It is a different operating effort, with an emphasis on short-term involvement with maximum return."

Franchisors motivated by growth

At the same time, franchise companies are becoming less interested in the individual owner as their need to grow in the competitive fast food segment intensifies.

"The good news is that neither Subway Sandwiches nor Domino's Pizza—the top two food franchise systems in the nation—encourage investors," Campbell points out. "But the really big fast food chains—McDonald's, Burger King, Kentucky Fried Chicken—look for investors, not mom-and-pop franchisees."

A common strategy among franchisors today is to sell territory rights rather than individual franchises, Franklin explains. "If you try to grow by selling individual units, you'll be too slow to get a piece of the market," he says. "But if you find one person with the money to buy an entire area, you can open lots of locations quickly, co-op the units' money to buy television ads and supplies, and enjoy growth, profit and a chance to compete with the big guys faster."

The problem with this approach, unfortunately, is that the owner—often a group of cash-rich and time-poor investors—ends up being an absentee landlord, sometimes more concerned with the return on profit than with customer service, food quality and other day-to-day issues that spell long-term success. These priorities can hurt the chain's image.

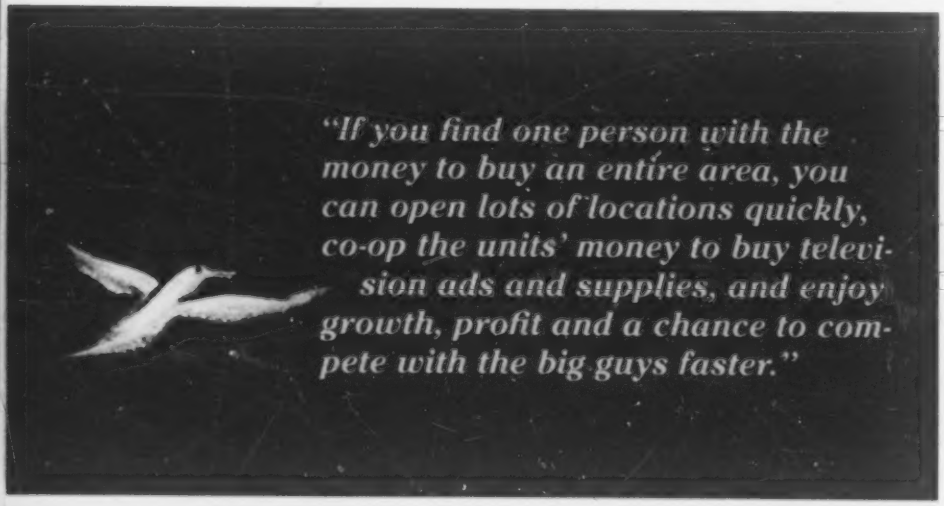
As the silent partner in some restaurant franchises and a consultant to franchisors, Franklin sees both sides of the problem. "It can cost $700,000 to $1 million to buy a fast food franchise in a good location," he says. "If you have that kind of money, you're probably not someone who will be happy managing a bunch of hamburger slingers or waiting on customers. You're likely to be a businessperson not a restaurateur. But you're not necessarily going to be the best long-term owner for the franchise.

Franchise companies are becoming less interested in the individual owner as their need to grow in the competitive fast food segment intensifies.

"Meanwhile," he adds, "the parent company is torn between wanting to grow and needing the big guy's funding, but wanting and needing a small owner willing to work to build the reputation of the chain."

Some franchise companies are trying to strike a balance between entrepreneur owners and pure investors by courting established franchisees looking to expand into new franchises. Campbell illustrates with the case of a client who is franchising a successful restaurant concept—Hacienda Mexican Restaurants—in a five-state area. The four partners of the South Bend, Indiana-based company are targeting current fast food investors to buy locations in their areas.

"They theorize that a successful owner will have learned the vagaries of that market while building his first chain, so success with a second chain is more likely," says Campbell. "In exchange, the franchisor can offer the prospective franchisee an opportunity to expand within his saturated market without competing with himself."


"If you find one person with the money to buy an entire area, you can open lots of locations quickly, co-op the units' money to buy television ads and supplies, and enjoy growth, profit and a chance to compete with the big guys faster."

Where are the moms and pops?

So where are the moms and pops? You can still find them in established franchise companies that specifically structure their systems to accommodate individuals with little or no restaurant or business experience. Subway and Domino's are the two best examples. Beyond those exceptions, however, the little guys of the franchise market usually invest in fledgling chains that need money, want to grow and don't have enough clout to be choosy.

"Back in the early days of Wendy's, the company sought out moms and pops," notes Campbell. "As the company grew, it became an investor-type franchise company. Investors don't look at new franchises, because the risk is greater and the returns are smaller. It's easier for a small, new franchise to sell to people looking for a living than to those looking for an investment."

If history is any teacher, fledgling chains are either gobbled up by a larger competitor or grow until they

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owners and pure investors by courting established franchisees looking to expand into new franchises.

The traditional franchise owner seeking a modest entry into the restaurant business is often eliminated from established franchise systems merely by the prohibitive investment required.

and their franchise fees are beyond the reach of the next group of small entrepreneurs.

Heidi Miller, president and founder of Heidi's Frogen Yozurt Shoppes (yes, that's the name) in Laguna Hills, California, admits that her company has changed focus as it has grown. "Traditionally, moms and pops are passed down through less-experienced chains," she says. "In our formative years—when we had only 15 shops—the only people we could attract were the mom-and-pop types. Now that we're 200 units strong, we're looking toward professional businesspeople."

Heidi's now sells territories to investor groups, she adds. "Moms and pops tend to be entrepreneurial, and that makes it difficult to run a system," she explains. "We want business-minded investors with a professional approach to the company. They understand the contracts and operating systems."

The "darling" of the moms and pops

Subway Sandwiches in Milford, Connecticut, grew by 193 percent between 1987 and 1989. Cofounder Fred DeLuca, who started the company in 1965 at 17 with $1,000 borrowed from a neighbor, champions the little guy's opportunity to build an empire on small business.

Mom-and-pop investors are attracted to Subway by the initial investment, kept low by storefront leases in strip malls and shopping centers, and by Subway's leasing equipment to franchisees. Startup costs are about $40,000, with roughly $25,000 in cash.

Subway's growth, though well-managed and seemingly well-controlled, is so rapid that even the man who supervises franchise sales sometimes loses count of the number of stores open. When asked the current number of franchise outlets, Subway Director of Marketing Dick Pilchen leaves the phone for a moment, calling out to a nearby assistant, "Hey, how many stores did we open last week while I was away?"

Pilchen is excited about a new freestanding concept being built in the state of Washington and looks forward to additional advertising dollars from increased units in the future. Do a new concept and an increased advertising budget mean that an increase in franchise fees is on the horizon for the current darling of the small investors?

Pilchen laughs. "I've been trying to raise franchise fees for five years," he admits. "Fred won't hear of it. He says that we're the most successful franchise ever, so why tamper with success—how can I argue with that? But it drives me crazy!"

Moms and pops maintain newness

Campbell watches Subway's growth from the sidelines and sees history repeating itself. "Someday Subway may become what McDonald's was 20 years ago," he says. "But then some other guy will come along and court the little investors. There will always be an entry for the mom-and-pop investors. And there will always be someone with a niche for them. That's the way the restaurant business works, and I don't think any of us can change that." ❑

TIME TO FRANCHISE?

How to Take Your Business from Flagship to Franchise

by Kevin McLaughlin

"Business is booming! And it has been for the past three years." If you can look yourself straight in the mirror and say this aloud, then you have met the first criterion for considering franchising your business.

"I usually advise being in business at least three years, the optimal period in which to work the kinks out of your business system and perhaps test the concept at additional locations," says franchise attorney Steven Raab in his book *Blueprint for Franchising a Successful Business*.

Clarifying what a franchise is will assist you in determining which route to take. In a nutshell, franchising is a method of doing business by which the franchisor (the parent company) grants the franchisee the right to engage in the business of offering, selling or distributing goods or services under a marketing plan or system prescribed by the franchisor. The franchisee pays an initial fee and ongoing royalties. The trademark and operating instructions are granted to the purchaser for a set number of years.

There are three basic kinds of franchises: (1) trademark and brand-name franchises; (2) product distribution franchises; and (3) entire business format franchises.

The most popular type is the entire business format, in which a franchisee is able to replicate the business of the franchisor in a different location, using the franchisor's marketing plan, logo, trademark, training materials, training procedures, formulas, accounting procedures and operational procedures.

Two other factors affect the suitability of your *entire business format* as a likely prototype for other profitable businesses: (1) whether your prototype is typical; (2) whether it can be duplicated.

For example, a firm selling high-altitude baking equipment in Denver is atypical. To be effective, the prototype business should give a realistic indication of what potential franchisees can expect in numerous locations. Overspecialization certainly does not lend itself to franchising.

Duplicity refers to how easily the prototype can be duplicated—from both an economic and a practical standpoint.

There should also be a point of difference between your prototype business and other businesses in the same industry. You can't simply open a hamburger franchise that is exactly the same as McDonald's. The problem is not that you are infringing on McDonald's' rights in a legal sense; it's a problem of market mix. Your business must have some point of difference from existing franchisors in the field. Your product has to be bigger, better, fresher, juicier or cheaper—in some way distinguishable from everything else on the market.

Once you've passed this double-edged sword (duplicity and typicality) to determine whether your business concept is simple enough to be mastered by the average person on the street, then consider whether the job functions can be standardized. Future employees need to succeed at a defined position with a set number of procedures and methods. The inexperienced manager must be able to follow the management guidelines spelled out in an operating manual. If your business concept is too involved for straightforward, easy descriptions in everyday language, then perhaps it is out of the range of the rookie business manager.

Next, you need to be able to train franchisees properly and within a reasonable amount of time. What is a reasonable time for training? Any system that requires more than eight weeks to master may be too overwhelming for an unskilled worker.

Other alternatives for expansion

If your business category does not meet these initial criteria, don't despair. There are other means of expanding your business. In the second type of franchising, *product distribution*, a franchisee is given the right to distribute a certain product—such as bottled salad dressings—within certain geographical areas or under certain terms. Of course, it would be senseless to consider opening fran-

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chises selling only one item. However, the manufacturers might be on a path of gold if they were to distribute these products through established marketing channels. Abandoning the vision of building an exclusive marketing system can pay off.

In the third type of franchise, an individual pays for the right to use a *trademark and brand name*. Essentially, the franchisee is buying the right to be associated with the franchisor's (that is, the parent company's) trademark, name, logo and/or advertising.

Profit: the bottom line

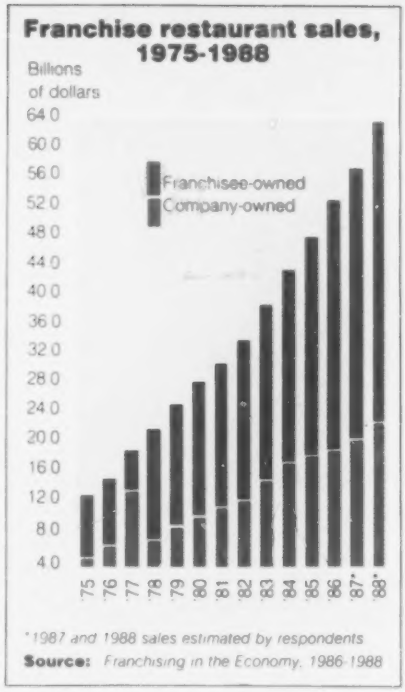
Having determined which broad category your business potentially falls into, there are further considerations before you take the franchising step. First, your business must be a profitable one. Most people who want to buy a franchise are going to leave their current vocation and can't afford to be out of work for more than two to four weeks.

Second, your business should be an adaptable one that will meet with wide public acceptance. Franchise attorney Raab states, "Complexity undermines the prospects of franchising success. The simpler your business or idea, the greater the chances of having profitable franchises."

Likewise, you should consider whether you and your organization have the business, technological, financial and human resources to expand. At the heart of any successful franchise is a sound business system. Do you have the necessary computer and software systems in place to operate multiple locations?

Do you have the funds to continue running your prototype operation while tackling new programs? Frequently firms are undercapitalized to handle the startup costs of the franchise program and to cover the operating losses that will be incurred during the initial phases of franchising. Solid break-even projections will demonstrate the point at which monthly royalty fees more than pay for monthly expenses. Do not make the mistake of relying on initial franchise fees to cover the business's everyday bills.

Human resources are necessary to handle the vast range of commitments to marketing, administrative, training, financial and legal skills required to support a strong franchise program. Do you have the staff to handle the extra work?



An often-overlooked primary ingredient is communications. Implementing written and verbal communication channels after the fact is of little help.

Having determined that your business meets all these criteria, you can get down to the nitty-gritty of legally establishing your franchise.

Forming a franchise

Suppose you determine that your business has the necessary characteristics for franchising. In starting a franchise, you need to allocate eight to 12 months' minimum lead time to take care of these necessary steps:

- □ Organization and tax planning
- □ Trademark registration
- □ Qualification of foreign or domestic corporations in states of activity
- □ Development of franchise documents and compliance with state registration requirements and state and federal disclosure requirements and
- □ Compliance with other state and federal regulations of the particular industry involved.

Franchising is a legal business structure that is surrounded by a number of rules and regulations. For example, the Federal Trade Commission (FTC) has established a number of regulations requiring pre-sale disclosure of certain specific information.

In considering the franchise relationship—and inevitably, the regulation of franchising in the United States—two issues are important: (1) the extent to which the franchisor controls the franchisee and (2) disclosure by the franchisor of all aspects of the franchise and the franchisor's operation.

Franchise-offering information can be found in a number of franchise directories that are published by the government and by sources in the private sector. But franchisors have an obligation to disclose information beyond mere listings in directories and handbooks. Ten days before signing a franchise contract, the franchisor must provide a disclosure statement revealing its financial condition, franchisees' failure rate and any litigation or bankruptcies.

At the first personal meeting between the franchisor and franchisee, the franchisor must supply: (1) the Uniform Franchise Offering Circular, or UFOC, a disclosure document that includes 23 pieces of required information; (2) the franchise agreement and related agreements and (3) an earnings claim document, if the franchisor makes any claims about potential sales.

The franchise agreement is the foundation of a strong franchising network. This document ensures uniformity, establishes standards of operations and eliminates uncertainty. However, be warned that trying to create your own franchise agreement using textbook forms or do-it-yourself contracts inevitably meets with disastrous consequences. Drawing up a legal document is a legal job. Seek out an experienced franchise attorney who understands the full ramifications of your state's franchise laws.

A 100 percent commitment

Franchising does have its advantages, but with it comes an enormous burden of organization, planning and hard work. As successful franchisors point out, in order to succeed in franchising, you have to love your business, feel in your bones that what you're doing is important and then commit to it 100 percent. ❑

Excerpted with permission from Entrepreneur *magazine, January 1989.*

CALLING IT QUITS

Max Karl Winkler

Why Restaurant Managers Leave Their Jobs

Bob, the restaurant manager, arrives at 3:30 p.m. to begin his shift. He's still a bit tired from the previous evening, when a misplaced credit voucher kept him up until 2:30 a.m. trying to justify the night's accounting. As he goes toward the office to check in with the day manager, Bob is summoned by the chef to settle an argument between the prepman and the dishwasher.

When Bob comes to the floor, he finds that one of the waitresses is 45 minutes late. Just as he's dialing her phone number, in she strolls. "Sorry," she says. "Had to find another babysitter."

Before the restaurant closes at 11:30 that night, Bob has two other minor emergencies: explaining to an angry group of six, who made reservations for four, why they have to wait for a table, and calling a cab for a bar customer after convincing him that it might be a good time to go home.

But the day's not over. Now it's time to do the ordering. As he begins, Bob discovers that the day manager did not order meat for tomorrow's day shift. Frantically, Bob calls other suppliers to locate enough meat to make it through the day. Finally, after checking out the last of the kitchen workers, Bob heads for the office again. It's almost 12:30 a.m., and he hasn't even begun the night's paperwork. Tomorrow evening, Bob realizes, he will have to do it all over again.

With all the stressful details that make up a manager's job, it's no wonder that many restaurant managers throw up their hands in frustration.

What causes job discontent?

According to Alice Elliot, president of Elliot Associates, Inc., a mid-management executive-search firm in Tarrytown, New York, some factors contributing to job dissatisfaction are inadequate or ineffective communication, including no job descriptions and lack of performance reviews; long hours; noncompetitive salaries and compensation packages; and not being able to participate in the company's entrepreneurial spirit.

Indeed, restaurant owners and managers agree with most of the reasons cited by Elliot.

□ **Poor communication.** Tops on the list for many is poor communication between managers and their superiors. National Restaurant Association Past President Walter Conti, owner of Conti's Cross Keys Inn in Doylestown, Pennsylvania, and the Pipersville Inn in Pipersville, Pennsylvania, says that many managers get depressed because they can't see that their efforts have been successful because supervisors are not giving much-needed feedback.

Regular feedback on performance and honest communication about chances for advancement can go a long way toward preventing dissatisfaction. "Many times, a supervisor will just say two to three words in passing to a manager," laments Mark Carneal, director of human resources for El Torito Restaurants, headquartered in Irvine, California. "You have to sit with managers for at least five to 10 minutes to tell them what is needed and to show an interest in them." And that should be uninterruptable "hassle-free" time. Otherwise the message can get garbled.

Communication is more than a means for the supervisor to stay in touch, however. Managers must also be given an opportunity to express what's on their minds. If they are given an organized way to vent frustrations and concerns, anger leading to burnout can be averted.

In fact, the communication problem is believed to be so critical that the Marriott Family Restaurants in Braintree, Massachusetts, holds frequent meetings, or "dialogs," that involve all levels of management. These dialogs enable managers to air their frustrations as well as answer questions raised by colleagues. In essence, they function like support sessions.

□ **Quality-of-life issue.** Another great concern is the quality-of-life issue, which goes hand in hand with the number of hours that managers are expected to work. "In the 1960s, 80 to 90 percent of restaurant managers were single," says El Torito's Carneal. "In the 1980s, we are dealing with 80 to 90 percent of the managers having a family. They now have more to do," he says. And even younger managers have a value system that places a higher premium on nonwork activities.

Some companies are beginning to take these changing needs into consideration by cutting back employee hours, and the result has been reduced management turnover. Deborah Hollis, director of employment and personnel at Hardee's in Rocky Mount, North Carolina, notes that the standard work week used to be 58 plus hours. "That meant six to seven days on the job and often 75 hours each week," she says. "Today we offer a 46-hour work week to all management personnel, and, believe it or not, we try to force them to take a Friday, Saturday or Sunday off."

Smaller companies also proudly point to more flexible scheduling programs for managers, as a way of meeting today's two-wage-earner/child-care dilemma. Errant Enterprises, Inc., in Northbrook, Illinois, is now in its fifth year of offering a five-day work week for managers (formerly a six-day work week). "We added extra managers to avoid burnout and not lose good people in management. We realized that if we give people more than one day off a week, although it costs us, in the long run we get very little turnover. Since we started the program, I can't remember that a manager left because of burnout," notes Errant Enterprises President Jim Errant.

□ **Inadequate compensation and benefits.** Inadequate compensation and benefits are other major problems that cause managers to call it quits. According to the 1988 Job$ Survey compiled by the Bureau of Foodservice Research in Chicago, 20.5 percent of the unit managers responding said they left their last foodservice job for more money, and 42.3 percent said they weren't satisfied with the amount of their last raise. Most general managers of restaurants and fast food facilities start out in the mid-$20,000s if they work in a facility having three to 75 units, reports the *Roth Young 1988 Wage & Salary Review*. That is not enough for a lot of managers. "That type of compensation doesn't match what they're doing, because the responsibilities are unbelievable," says Steve Karpf, managing partner of Nick's Fishmarket in Chicago.

□ **Poor advancement possibilities.** "In some companies, managers aren't much more than a flunky," notes Emanuel Weintraub of Emanuel Weintraub Associates in Fort Lee, New Jersey. Weintraub, who has been president of his international management consulting firm for 30 years, said if a manager's scope is limited, he or she will seek a place to "spread their wings."

Anthony Navitskis, regional manager of human resources for Marriott Family Restaurants in Braintree, Massachusetts, agrees. That is why the Marriott makes every effort to promote its good managers to the position of district manager. "If the promotions aren't there, then managers will move on," observes Navitskis.

□ **Fostering the entrepreneurial spirit.** Pizza Hut has put the entrepreneurial spirit to work in its retention plans. According to Roger Rydell, director of public relations for Pizza Hut, Inc., in Wichita, Kansas, Pizza Hut tries to hire individuals who see the position as store manager as the first step on the managerial ladder. "By hiring people with drive and ambition and providing them with financial incentive, we have a program that attracts talented people," explains Rydell. "We get managers to feel that they have part-ownership in the business. If the store succeeds, they will succeed." ❑

Beware of burnout

Burnout is a word used casually these days, but it's not a casual problem. It's a serious condition with concrete, identifiable signs and symptoms. According to Dr. Michael Lauderdale, a social psychologist and burnout specialist, it's important to remember that burnout doesn't happen all at once. It's a gradual process that is often recognized too late—when the destructive symptoms finally surface.

Burnout is more intense than ordinary stress. It occurs when people become exhausted by effort that brings no visible results. In its early stages, physiological signs are frequent headaches, chronic fatigue, an inability to shake ailments, changes in sleep patterns, sudden weight gain or loss, chronic back pain, problems breathing, unusual sweating and undefined anxiety.

Some psychological manifestations are quickness to anger, suspicion of others, cynicism, boredom and—most characteristic—inability to continue working at what one has been doing.

As burnout increases, absenteeism, tardiness and accident proneness go up, work takes longer to complete and may not be done as well, complaints from customers and coworkers increase and there can be evidence of drug and/or alcohol abuse. In short, the once productive and enthusiastic employee can become a liability.

The key to avoiding these problems is to be sensitive to the burnout symptoms and to assist the employee during the earliest stages of the problem.

To keep burnout to a minimum, new managers should be told of a job's challenges so they won't feel guilty about their perceived inadequacies when the pressure increases. They should be given positive support—tell them when a job's well done—and a forum for expressing their feelings. As technology changes, managers need to be retrained, and top management should provide seminars, workshops and retreats away from the organization. These places should have facilities for physical exercise, which is a good outlet for disruptive emotions.

GOING BEYOND TRADITIONAL EMPLOYMENT SOURCES

Make jobs appealing; take the needs of workers into account, advised panelists Kim McManus of 70001 Training and Employment Institute and Sandra Porter from Wider Opportunities for Women.

Two presidents participated in the symposium—National Restaurant Association President Jim L. Peterson and Elaine Grossinger Etess, president of the American Hotel and Motel Association.

©Dean Groff, 1989

Young Blacks need outreach programs to encourage them to enter the foodservice industry, said Stephanie Robinson of the National Urban League.

People who need employees and people who need jobs need to talk. That may seem obvious, but it hasn't been happening up until now.

That is why the National Restaurant Association hosted "Foodservice Employment 2000" on January 10, 1989. In attendance were foodservice operators concerned about employee recruitment. Also in attendance were the leaders of associations representing the demographic groups most actively seeking employment—Blacks, Hispanics, displaced homemakers, disadvantaged youth, the elderly and the handicapped. The third category present consisted of vocational educators, the people who advise and prepare individuals entering or re-entering the work force.

Two facts underscored the importance of this conference. First, the U.S. Department of Labor predicts that foodservice will have 1.5 million more jobs to fill by 1995. Second, our traditional source of employees—the teenage population—is shrinking in proportion to the total population.

"To find quality employees, we will have to go beyond our traditional sources," said National Restaurant Association President Jim Peterson, as he opened the conference. "We will have to create new types of programs to attract new types of people."

Discussion at the conference was friendly, but frank. Some of the comments seem obvious in retrospect, but they came as important reminders.

For instance, one speaker pointed out that homemakers returning to the job market will be attracted to employers who help with child care and offer health coverage for employees' children. Since these homemakers are often single heads of households, they need a guaranteed number of hours so that they can make ends meet each pay period.

The elderly will be attracted to part-time work with paychecks that do not imperil Social Security benefits. Those between 55 and 59 look for medical and dental coverage, and despite common assumptions, the elderly are interested in positions that offer advancement.

Disadvantaged youths, on the other hand, do not regard foodservice as a source of advancement. Only by presenting role models who embody upward mobility in the industry can we convince disadvantaged youths that our industry will lead them to a better way of life.

Other comments were even more thought-provoking. For example, representatives of the Black and Hispanic communities see their constituencies held at entry-level jobs and being passed over when better positions open up. Women, on the other hand, believe that they are held at mid-level jobs and are not readily promoted into top management.

Are these allegations true? Conference attendees agreed that it doesn't matter. Such perceptions, accurate or not, need to be corrected if the industry is to draw the right kind of people into its ranks.

But "Foodservice Employment 2000" was not a one-way conversation. Representatives of companies already involved in innovative recruitment had their say, too. They described a great variety of benefit packages, support programs and training programs that have been introduced to meet the needs of various labor pools. The programs described ranged from Burger King's day care for working mothers to McDonald's' McMasters Program (for the elderly) to the Balsams' Project Rebate (Re-enter with Basic Academics and Training into Employment).

Despite the variety of approaches, all the programs had one thing in common: They involved an assessment of the needs of a target employee group and the development of an activity to meet those needs.

A listing, together with brief descriptions of these and other model employee programs, was distributed during the conference. Repackaged as a "Current Issues Report," the same information was mailed to the membership in February.

"We have begun a dialogue with potential employees that will help us offer the right premium to the right applicants," said Peterson following the conference. "No one who attended 'Foodservice Employment 2000' will go about recruitment in quite the same way."

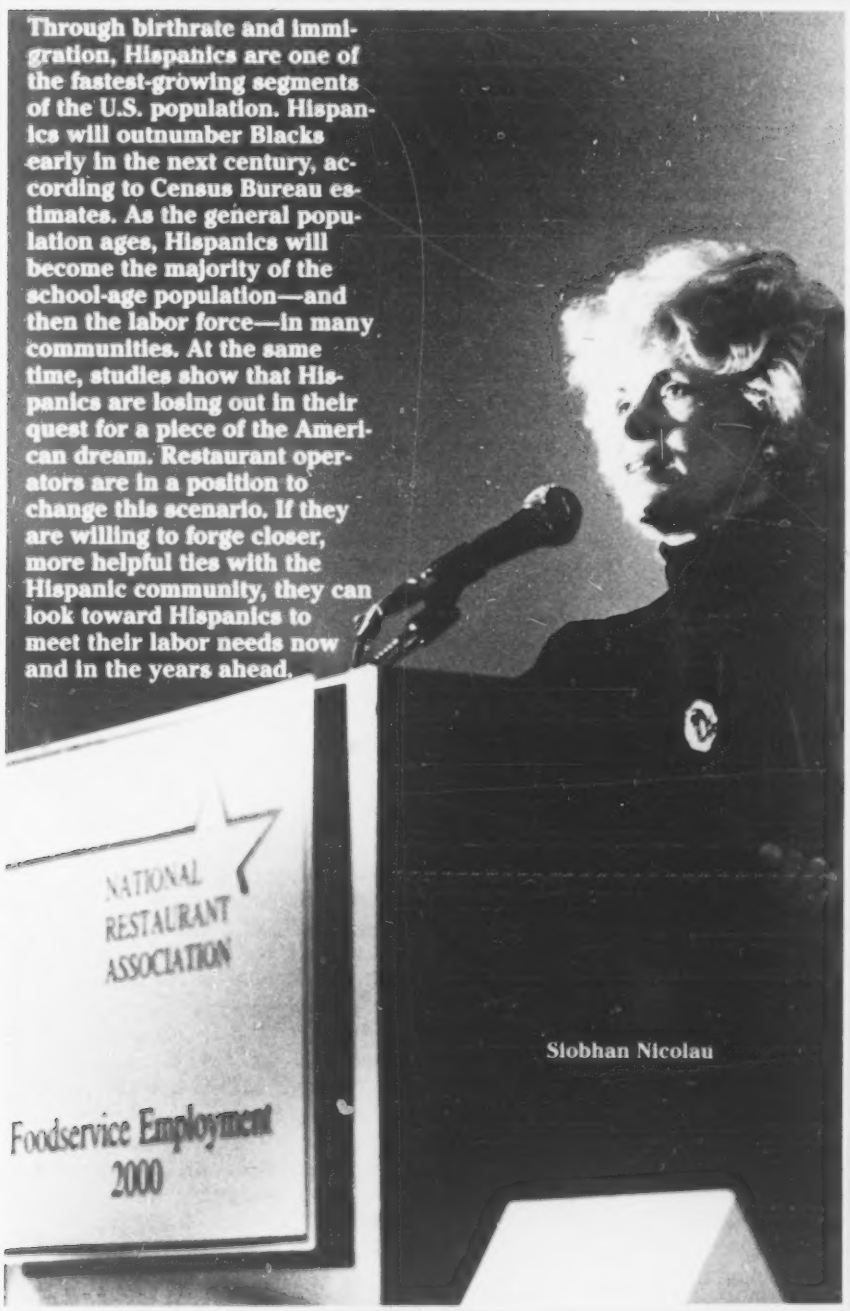
—Jeffrey Prince

Editor's note: The full transcript of the conference will be available for sale in April through the association's publications department.

by Siobhan Nicolau

FORGING CLOSER TIES TO HISPANICS

Through birthrate and immigration, Hispanics are one of the fastest-growing segments of the U.S. population. Hispanics will outnumber Blacks early in the next century, according to Census Bureau estimates. As the general population ages, Hispanics will become the majority of the school-age population—and then the labor force—in many communities. At the same time, studies show that Hispanics are losing out in their quest for a piece of the American dream. Restaurant operators are in a position to change this scenario. If they are willing to forge closer, more helpful ties with the Hispanic community, they can look toward Hispanics to meet their labor needs now and in the years ahead.



Siobhan Nicolau

Hispanics: the facts

The Hispanic population in the United States is composed of distinct groups who trace their roots to Mexico, the Caribbean, Central America, South America and Spain. There are great diversities within and among these groups, but in a number of respects their overall statistics can be distinguished from those of other groups in the U.S. population. Here are some facts about Hispanics, based on recent government reports:

- In March 1987, Hispanics numbered 18.8 million, or almost 8 percent of the U.S. population. Mexican Americans constituted 63 percent of the Hispanic population; Puerto Ricans, 12 percent; Central and South Americans, 11 percent; Cubans, 5 percent; and other Hispanics, 8 percent. (These figures do not include the 3.27 million people who lived in Puerto Rico as of 1986.)
- Hispanics are the youngest population group in the nation, with a median age of 25 years, as compared to 32 for the general population.
- Hispanics are the nation's most highly urbanized population, with 88 percent living in metropolitan areas.
- Hispanics are highly concentrated. About 75 percent live in five states: California (33 percent), Texas (21 percent), New York (11 percent), Florida (6 percent) and Illinois (5 percent).
- Hispanics comprise more than 10 percent of the population in five states: New Mexico (37 percent), Texas (21 percent), California (19 percent), Arizona (16 percent) and Colorado (12 percent).
- In the year 2000, just 11 years away, Hispanic youth, ages 15 to 24, will constitute 14 percent of the total youth population. Some states will have much higher percentages.
- The Hispanic population is expected to double within 30 years and triple within 60.

There are 20 million Hispanics in the United States today. As the rest of the country is aging, Hispanics are getting younger. One-half of the Hispanic population is below the age of 25; one-third is younger than 18.

Hispanics are geographically concentrated in five states: Florida, New York, Illinois, Texas and California. About 37 percent of the entire Hispanic population in the United States is located in the metropolitan areas of those states. In addition, there are sizable numbers of Hispanics in southern Colorado, northern New Mexico and Arizona.

Katherine Lambert

Hispanics: the future labor pool?

In these major U.S. markets and regions, Hispanics will represent a considerable portion, sometimes the majority, of the future potential labor pool, because the Anglo population is aging and the overwhelmingly youthful Hispanics are moving into their productive years. The good news is that Hispanics are very eager young workers. They work more hours while they are going to school than any other group in the United States. In fact, more young Hispanic males hold down full-time jobs when they are in high school than any other group in the United States. In addition, Hispanics tend to marry very early and thus tend to assume adult responsibilities early. Therefore they tend to be, though young, a very responsible group.

The bad news is that Hispanics are very poor. In 1985, Hispanics became the poorest minority population in the United States, with the lowest weekly wages of any major group in the labor force. In 1988, Hispanic per-capita income was $6,613, compared to $6,840 for Blacks and $11,671 for Caucasians.

Hispanics have low educational levels as well. Sixty-five percent of Hispanic students are leaving high school early or graduating with inadequate literacy and computation skills. This affects how Hispanics can be integrated into the work force. Fortunately, some U.S. corporate leaders have recognized that the development of Hispanic human capital is key both to the future health of Hispanic communities and to the health of regional economies.

Together and separately, corporations are working to identify strategies and programs that can increase Hispanic opportunities and options in elementary school, high school, entry-level employment—*that crucial first job*, college, graduate school, and finally, recruitment and advancement in professional positions.

It is important to understand that the underrepresentation of Hispanics on managerial and technical career ladders is in part a reflection of the small numbers of Hispanics who take the requisite math and science courses that could prepare them for business schools. Historically, college-bound Hispanics have opted for careers in education and social work, familiar fields in which they have role models. Or they have dreamed of medicine and law, professions that are held in high community esteem. Surveys have shown that Hispanic students—even those in academic tracks—have little understanding of what corporate management is all about. Role models are few, and so the corporate world does not become part of the Hispanic reality. Model programs demonstrate that this perception can be changed.

Moreover, contrary to the common stereotypes, the majority of the young Hispanics are native-born, which means they are English-speaking. Those who immigrate to the United States learn English as rapidly as any other immigrant group has done. Because of ongoing immigration—estimated to be a net 250,000 from Spanish-speaking countries each year—Hispanics tend to maintain Spanish

Siobhan Nicolau is president of the Hispanic Policy Development Project and was a panelist at "Foodservice Employment 2000."

Reaching Hispanic Markets

As the general population ages, Hispanics will become the majority of consumers in many urban markets and a rising percentage of the population in many other parts of the nation. The future and prosperity of these communities and the United States itself will be correspondingly related to the development and progress of their Hispanic populations.

However, the Hispanic consumer market has been relatively untapped by the U.S. business community. Here are some facts to keep in mind about this fast-growing segment of the U.S. population, based on recent government reports: the 1982 U.S. Census of Hispanic business and an excellent analysis by the U.S. Hispanic Chamber of Commerce.

- The aggregate income for all Hispanics totaled about $114 billion in 1985.
- Hispanic market advertising expenditures totaled $398 million in 1986, according to *Hispanic Business* magazine.
- Hispanic consumers are aware of and loyal to brand products.
- The Hispanic markets are segmented by recency of migration, subgroup differences, socioeconomic differences and language.
- U.S.-born Hispanics are dominant in the English language and frequently are bilingual. Most foreign-born Hispanic youth are dominant in Spanish. But after about 10 years in the United States, the vast majority have made English their everyday language.

A number of companies have begun to strengthen their ties to the Hispanic domestic markets through joint ventures, minority vending programs and the consultant services of Hispanic lawyers, accountants, and public relations, marketing and advertising professionals. Moreover, businesses that wish to enter or expand their Latin American and Caribbean markets are finding Hispanic specialists an invaluable resource.

But business leaders would be the first to agree that they were slow to recognize the strength of the Hispanic market and that often their initial efforts to tap it were unsure or ill conceived. Some businesses failed to realize that promotional strategies aimed at Blacks might not produce results in the Hispanic communities; all *minorities are not the same*. Other marketing campaigns paid scant attention to differences between the Hispanic subgroups; *all Hispanics are not the same*. At best the campaigns were ineffective in reaching the Hispanic consumer; at worst they provided Hispanics with some amusing but embarrassing translation bloopers. "Pregnant" toothpaste and "cars that don't go" are two that Hispanics continue to chuckle over.

Good corporate managers make quick corrections, however, and so today, Hispanic marketing strategies are becoming increasingly sophisticated. More corporations are placing qualified Hispanics on staff in positions of influence; more are using the services of Hispanic specialists and experts.

Joint venturing and vending programs, on the other hand, have moved at a slower pace—in part because it takes time to build a communication network with Hispanic entrepreneurs, and in part because there is a reluctance to tamper with long-established networks. Corporations that have taken the initiative, paid special attention and provided technical assistance to vendors when necessary have created opportunities that have proved to be mutually beneficial.

longer, but they learn English. Therefore, language is not a barrier to their working in the mainstream.

Foodservice has image problem

Most Hispanics in the restaurant industry have filled lower-level jobs. As a consequence, the industry does not have a very good image with most Hispanics. It is seen as offering minimum pay and scant opportunities to move out of the bottom. In part, that has stemmed from the low education levels of many Hispanic workers; in part, it's been because little effort has been made to create career ladders for those Hispanics who were better educated or for those who wanted to increase their skills.

On the other hand, a very interesting report prepared by the National Institute for Work and Learning pointed out that Hispanics, unlike other young people in fast food, said that they would like to make a career of the food industry if only they could see that careers existed. Young people entering the restaurant industry need career ladders. They have to see that there's light at the end of the tunnel and that they can earn a decent wage. They need benefits, and because of the educational problems and the high dropout rate, they need ways to earn a living while they learn. They need mentoring. They need personal attention. They need training. I guarantee that if the foodservice industry takes these steps, if it reaches out, creates communication linkages with Hispanic families, the professional schools, the colleges, the high schools and the middle schools, it will build a very loyal, stable work force that will allow it to maintain the quality of its products and the quality of its services.

Many corporations outside the foodservice industry are dedicating major resources to enlarging and preparing the future pool of candidates for staff positions. Although the spectrum of successful programs is broad, all share most of the following key elements:

- the personal commitment and concern of top-level corporate management
- a sustained corporate commitment to improving the quality of publicly funded education and training institutions
- the active participation of corporate staff members in key aspects of program design and implementation
- hands-on personal involvement with Hispanic youths and their families
- cooperation and interaction with education and employment institutions and Hispanic community groups and leaders
- a sustained corporate commitment to attracting and training the corporation's own workers at all levels and
- a sensitivity to the family needs of workers, such as child care and transportation.

Loyal, stable workers can be yours

If the restaurant industry follows the lead of such initiatives and makes an investment in human capital, it will find that the Hispanic community represents a source of loyal, very stable workers who want to stay. I believe such an effort will pay handsome dividends to the foodservice industry and to the nation as a whole. ❑

BUF

An All-America

Regional cuisine and A
these days. And what fo
than the great American
ternative to beef, buffalo
rants as steaks, burgers

"Buffalo is the red meat of the 1990s," says chef/owner Gary Barone of the 275-seat Gary's Restaurant in Washington DC. Gary's serves buffalo sausage a la Romana with fennel and cracked black pepper; hearty eight-ounce buffalo burgers with chopped onion, salt and pepper; and buffalo steak au poivre cooked in a brown sauce with shallots and brandy.

Demand for buffalo meat is growing. Sales of buffalo by commercial breeders rose 60 percent in 1986. With a small national herd, increased demand means buyers pay moderately higher prices for buffalo than for beef, even though it costs about the same to raise buffalo as cattle. Restaurants, too, charge a bit more for buffalo dishes than for beef—about 25 percent more.

150 restaurants serve buffalo

About 150 U.S. restaurants serve buffalo on a regular basis, and many more serve it occasionally, according to Henk Wisker, a Virginia buffalo raiser with a small herd of 24. Wisker also owns a restaurant supply house that sells buffalo meat. "If you like beef," says Wisker, "you'll like buffalo. It doesn't taste much different." Others claim that buffalo has a sweeter taste.

Buffalo's prime appeal, though, is health-related. It has 50 percent less cholesterol than beef, 70 percent less fat and 30 percent more protein. Doctors sometimes recommend buffalo to heart patients and others who must limit their cholesterol intake. Several nationally recognized weight-loss programs accept buffalo as a diet food because it has fewer than 50 calories per ounce.

Cook it slow and low

Almost any dish that features beef can be cooked equally well with buffalo. For example, chili, meatballs, lasagna and casseroles all taste good with buffalo meat. Buffalo must be cooked differently, however. The National Buffalo Association (NBA) suggests that buffalo meat be cooked "slow and low." That is, it should be cooked for a longer time and at a lower temperature than beef. The proper internal temperature for rare is 120 degrees Fahrenheit. For medium rare, cook at 130 degrees; for medium, 140 degrees. Well-done buffalo meat is not recommended because it can be tough. "Overcooked buffalo meat will bring you the same result as other meats that are overcooked—

BUFFALO SANDWICH FILLING

Serves 4

Ingredients:
1 cup ground cooked buffalo
1 Tbs. minced onion
1 Tbs. pickle relish
1 Tbs. lemon juice
2 Tbs. salad dressing
½ tspn. salt
⅛ tspn. black pepper

Method:
Combine all ingredients. If they are too dry to stick together, add a bit of cream or evaporated milk.

Variation: Add 1 or 2 finely chopped hard-cooked eggs.

BAKED

Serve over noodles,

Ingredients:
3 lbs. buffalo stew meat
2 cups onion, finely chopped
2 cloves garlic, finely chopped
2 bay leaves
1 tspn. salt
¼ tspn. pepper
½ cup salad oil
½ cup unsifted flour or ¼ cup cornstarch
¾ cup red cooking wine and 2 cups water
1 can (6 ozs.) tomato paste

FALO

an Meat for the 1990s

nerican cooking are all the rage od could be more American buffalo? Billed as a healthy al- meat is showing up in restau- and even taco filling.

BUFFALO STEW

rice or whole wheat. Serves 12

Method:
Place buffalo meat, onion, garlic and bay leaves in shallow baking pan; sprinkle with salt and pepper. Bake uncovered in a hot oven (425°F) for 10 minutes, reduce heat to slow (300°F) and continue baking about 30 minutes longer until juices are released from meat.

Make sauce of flour or cornstarch, salad oil, red cooking wine, water and tomato paste. Cook until smooth. Pour over meat and cover. Bake in slow oven about 1½ hours or until meat is very tender but not dry.

BUFFALO TACOS

Serves 6

Ingredients:
1 lb. ground buffalo
½ clove garlic, minced
2 Tbs. onion, grated
½ tspn. Worcestershire sauce
1½ tspn. salt
1 tspn. chili powder
12 tortillas or taco shells
1 cup cheddar cheese, shredded
2 cups lettuce, finely chopped
½ cup chopped onion
1 cup fresh tomato, finely cut

Method:
Mix meat, garlic, grated onion, Worcestershire sauce, salt and chili powder; brown in skillet. Keep mixture moist and hot.

Warm tortillas in microwave or oven. Allow each person to fill tortillas with meat mixture, grated cheese, lettuce, onion, taco sauce and tomato.

TACO SAUCE

Heat together 1 cup tomato juice, 3 tablespoons catsup, ⅛ teaspoon tabasco sauce and ½ teaspoon Worcestershire sauce.

something as palatable as roofing shingles," an NBA spokesperson says.

Prior to cooking, buffalo meat is darker in appearance than beef, almost brown. Buffalo does not "marble" like beef, because it contains much less fat. There is, therefore, little meat shrinkage during cooking, so cooks don't end up with a skillet full of grease when frying buffalo burgers. This low fat content also explains its health benefits.

Promotional potential

In addition to its health merits and tastiness, buffalo has excellent potential for promotions and menu merchandising. As interest in American regional cuisine continues to sweep the nation, buffalo dishes can be served as key, signature menu items steeped in the pioneer tradition of the Old West. Serving buffalo meat hearkens patrons back to a time when American bison (the proper name for buffalo) roamed the Great Plains in herds of hundreds of thousands, before rifles and the railroads thinned the bison population to a few dozen members of an endangered species. The herds were once so large, one American Indian observed, "The Plains were black and appeared to be moving."

Today, the population is much smaller—about 100,000—but patrons need not worry that they are eating an animal of endangered status. The buffalo population has been steadily increasing since President Theodore Roosevelt began protecting bison. In fact, the National Buffalo Association in Pierre, South Dakota, claims that its 700 active members maintain herds in almost every state and that only 10 percent of the country's population goes to slaughter each year. Buffalo, the largest of North America's wild animals, are the only ones raised in the United States as a food source.

Future of buffalo remains to be seen

Whether buffalo will end up a novelty meat, a health food or a mass-market item remains to be seen; but with its versatility and health benefits, buffalo meat is likely to benefit from the growing interest in American foods. ❑

—Carolyn Hughes Crowley

Franchises on Foreign Shores

While concern about the U.S. foreign deficit grows, the foodservice industry is one of the few American industries that is steadily expanding abroad.

Chicago-style hot dogs in Japan. Tuna fish on pizzas in West Germany. Prawns on pizza in Australia. These are some of the quirks of the international franchise marketplace. Expect to hear more this year, because as the domestic market becomes even more saturated, American chains are going to intensify their overseas expansion plans in 1989.

100 companies overseas by end of 1989

For McDonald's Corporation, for example, international operations is its fastest-growing business, contributing 21 percent of the company's pretax profits in 1986. So it's no surprise that American restaurant companies have ambitious plans for overseas growth and that many others are carefully evaluating and testing foreign markets. In 1986, 65 American firms operated 6,769 restaurant units in foreign counties—up from 57 companies and 3,943 units in 1980. According to some industry experts, the number of American foodservice companies with operations in foreign countries could surpass 100 by 1990.

Canada, the country with the most American fast food franchises, should continue to receive the most attention from American restaurant chains over the next few years. With Canada's proximity to the United States and its cultural similarities, U.S. companies are apt to feel more comfortable investing in Canada than in other parts of the world.

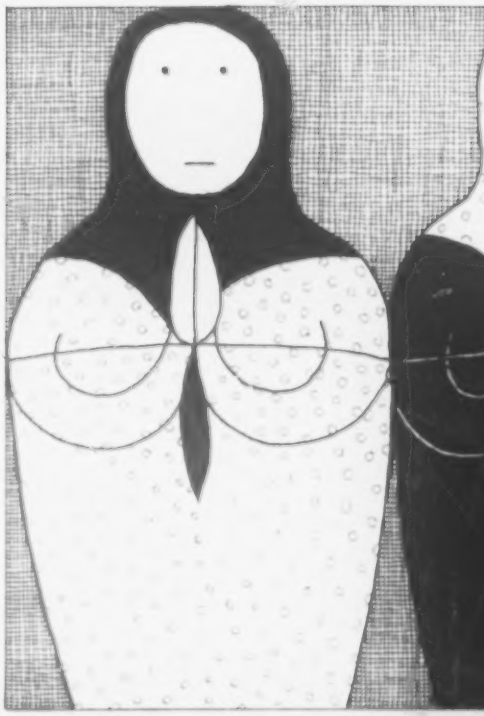
But this year American companies will also increase their focus on other continents. The rapid growth in Japan, Australia and Southeast Asia has made these areas attractive for investment and expansion. In fact, since last year's stock-market crash, U.S. institutional money managers have been attempting to diversify away from the stocks-and-bonds market. A big American insurance holding company recently formed a Hong Kong-based venture to introduce half-a-dozen American fast food franchises throughout Asia. This move, by American International Group, Inc., marks the first time an American institutional investor has moved into the overseas franchise market.

As cultural and language barriers continue to erode, continental Europe will experience further penetration of its markets by American chains in the coming years. Europe is attractive to franchisors for a number of reasons. The large number of working women, the high presence of American military personnel and the rising discretionary income make the potential for growth obvious. Although the most favorable conditions are found in France, Germany and Great Britain, many consider Turkey, Italy and Spain to be the European countries with the greatest potential.

Behind the Iron Curtain

Finally, several of the larger chains have taken advantage of the detente between the United States and the Soviet Union and have set up units in the Soviet Union, China and several Eastern Bloc countries. These countries will receive further attention from U.S. chains in 1989, although they are likely to remain relatively minor markets for the foodservice industry for some time. Of course, the public relations potential is enormous. In fact, on March 17, 1988, when McDonald's became the first fast food chain to open a restaurant in a Soviet Bloc country—in Belgrade, Yugoslavia—people stood in line for three hours to sample American burgers.

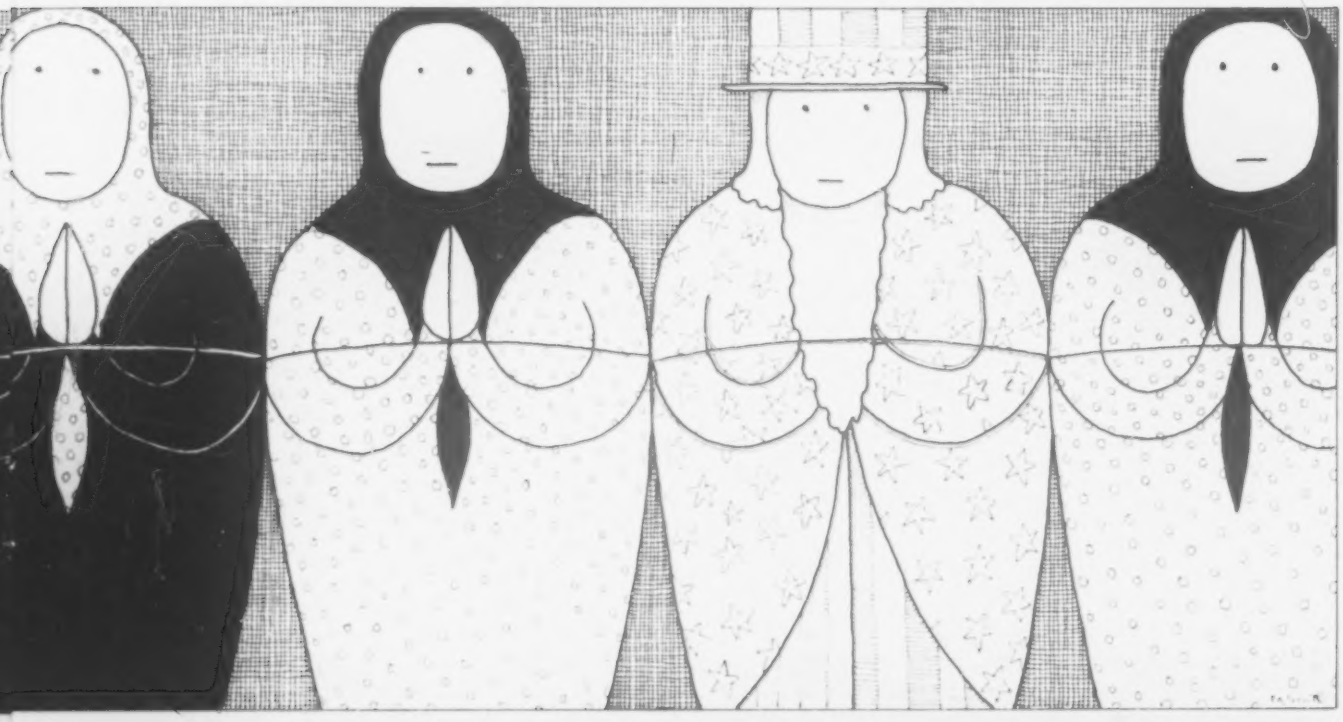
International franchising may be the wave of the future, but it is not without its drawbacks. Success can be elusive, and profits usually come slowly. In fact, with one firm predicting that it would be eight years before it sees real profits, it's clear that companies must be patient. Currency fluctuations, varying customs and tastes, and the inability to locate suitable supplies are just some of the problems companies must anticipate. Still, with domestic markets becoming saturated in some areas, many major companies consider that their best growth opportunities rest on foreign shores.



GLASNO

When Gorbachev brought his new ideas to American shores, he also brought new words to the American vocabulary—*glasnost*, or openness, and *perestroika*, or restructuring. At first the words were used to describe changes in the new political and economic policies of the Soviet Union. But now the new openness can be seen to extend to many other facets in that vast country, including the foodservice industry. The Soviet Union has long been known as a country hard to get into and hard to leave, where even the most ordinary facts are closely guarded secrets. But things are beginning to change. In the past year Gorbachev has opened doors to allow chefs from both the United States and the Soviet Union to visit each other; he has allowed a group of foodservice experts to come to the Soviet Union to see for themselves what foodservice is like in his country, and, in the spirit of

Julie Fintel is a regular contributor to ***Restaurants USA.***



Margaret Scott

OST IN THE KITCHEN

perestroika, he is laying out the welcome mat for Americans who want to trade with the Soviet Union or open restaurants in Russia.

This year, after 12 years of negotiations, McDonald's will open branches in Moscow, giving Muscovites their first taste of "Bolshoi (big) Macs." And Pizza Hut is introducing pizza, opening the first of two planned units in Moscow this year. Another American giant teaming up with the Soviets is the Marriott Corporation. As partner in a joint venture with Aeroflot, Marriott will manage the Russian airline's kitchen in Moscow, preparing about 10,000 meals a day for domestic and international Aeroflot flights.

Despite these obvious breakthroughs, the Soviet Union is still a mostly uncharted territory for the American entrepreneur, a new frontier waiting for the venturesome and resourceful. One pioneer who was among the first to test the boundaries was noted chef and restaurateur John Folse, owner of Lafitte's Landing in Donaldsville, Louisiana. Folse had been to other countries, showcasing his Lousiana-style cooking, and he wanted to give the Russians a taste of

by Julie Fintel

Cajun too. After a year and a half of Folse's repeated requests, the Soviets finally allowed him to open a restaurant in the Moscow World Trade Center for 10 days during the Reagan-Gorbachev summit meeting. Security was tight, and Folse had to give up his dream of serving the ordinary Soviet citizen and settle for high-level Soviet officials and members of the international press. Still, the restaurant was a huge success, and it led to the Soviets allowing some of their chefs to visit the United States last November.

GEORGIAN FISH

Ingredients:
2 lbs. white fish meat, sliced
½ cup chopped coriander
1 cup walnuts
2 cloves garlic
1 cup pomegranate juice
Salt and pepper to taste

Method:
Poach fish in water for 8 to 10 minutes—just until tender, but not flaky. Drain. Grind walnuts, garlic and pepper. Add chopped coriander and pomegranate juice. Mix well. Place fish chunks on a deep platter; pour sauce over fish. Chill. Sprinkle with pomegranate seeds and sprigs of coriander.

—Julianne Margvelashvili, The Classic Cuisine of Georgia USSR

The Russians are coming, the Russians are coming

The 10-member group—including 43-year-old master chef Michael Vydush; two younger chefs, Andrew Mallygin and Natalia Tokareva (all of Moscow); four musicians, an engineer, an interpreter and Vladimir Vokhmin, head of the Soviet Chamber of Commerce—were whisked to 10 American cities in 13 days, giving culinary demonstrations, meeting and exchanging ideas with American chefs, and sampling such American foods as Maine lobster, tacos, Lousiana crawfish and hamburgers. Folse accompanied them, and members of the American Culinary Federation (ACF) hosted them in each city. In St. Augustine, Florida, ACF President Jack Braun invited them to his house for a Southern barbecue. "They loved the baked beans," he reports.

"There are as many recipes for borscht as there are Russian grandmothers," says Jerry Reiner, chef of the Russian Tea Room. Here are two to consider.

RUSSIAN TEA ROOM BORSCHT

Serves 6 to 8

Ingredients:
¾ cup sliced julienned onions
¾ cup julienned carrots
¼ cup salad oil or bacon fat
6 Tbs. tomato paste
2½ cups sliced julienned beets
1 cup coarsely chopped cabbage
2 Tbs. wine vinegar
3 Tbs. sugar
2 quarts strong beef stock
Salt and pepper to taste
Fresh dill and sour cream

Method:
In a deep pot, saute the onions in the oil until transparent. Add the carrots and continue cooking for another minute. Add the tomato paste and cook for one minute more. Add the beets, cabbage, wine vinegar, sugar and beef stock; simmer for 20 to 25 minutes. Season with salt and pepper.

To serve, turn soup into a tureen or individual soup bowls and sprinkle with the dill. Serve hot, with sour cream on the side.

—Chef Jerry Reiner

CANTERBURY BORSCHT

Serves about 20

Ingredients:
4 lbs. beets
½ cup wine vinegar
1 tspn. sugar
½ cup butter
3 Tbs. oil
1 head green cabbage, sliced
3 onions, sliced
½ cup shallots, chopped
3 red peppers, sliced
1 lb. zucchini, unpeeled and sliced
1 lb. carrots, peeled and sliced
1 gal. rich chicken stock
Sour cream for garnish

Method:
Peel and grate beets. Place ¼ of the beets in a bowl and mix with vinegar and sugar. Set aside. Melt the butter with oil, and saute the shallots and onions until the onions wilt. Add all other vegetables except beets and cabbage, and sweat until wilted.

Add the grated beets and cabbage with stock, and simmer for two hours. Strain the stock. Puree the vegetable solids in blender until smooth and return them to the stock. Add the reserved beets, and heat gently for 15 minutes. Serve each bowl with a dollop of sour cream.

—The Canterbury

Gill Butler (left), president, PepsiCo Food Service International, with Valeri Zharov, deputy mayor, City of Moscow Council, sign a joint-venture agreement to establish two Pizza Hut restaurants in the Soviet Union within the next 12 months. Under the agreement, the City of Moscow will own 51 percent of the venture; PepsiCo will own the remainder. Both restaurants will accept rubles and hard currency.

Folse says he found the Soviet chefs very talented, "especially when given our products to work with. In the Soviet Union I found the chefs quite blase about their cuisine. Unfortunately, they do not have the variety of food we do. But in the United States, when given our products, they were excited enough to experiment."

At about the same time the Moscow chefs were flying around the country, a delegation of chefs from Soviet Georgia also came calling. Their visit was the result of a dinner a Soviet diplomat had enjoyed at the Seattle Sheraton's Fuller's Restaurant. The diplomat was so impressed that he invited the Fuller's chefs, Caprial Pence, Diana Nowlis and Laura Dewell, to visit Georgia, a republic in the southern part of the Soviet Union, where they were wined and dined in homes and restaurants. In return, three Georgian chefs came to the United States, first to visit Seattle, and then to stay for a week in Washington DC. In their party was Zena Gozalvshbele, a cooking teacher; Tengez Shjvendaze, a chef from the number-one hotel in Tbilisi, Georgia's capital city; Shalba Metreveli, a chef from a Black Sea resort hotel; plus Gia Gorgodze, the director of catering at Georgia's Ministry of Trade; two members of the media; and a translator. In Seattle the chefs were put to work cooking traditional Georgian dinners every night for the Sheraton's restaurants and a luncheon buffet during the day. The chefs also did demonstrations in supermarkets and department stores. In between cooking stints, they were immersed in American food and culture. "They were such fun-loving, funny people," remembers Elizabeth Lawder, public relations assistant at the Sheraton Washington. She says that even though the whole trip was complicated to arrange, the Sheraton would like to do it again.

American restaurants go Russian

The visits of the Russian chefs inspired some restaurants to try "Russian nights" or even Russian months. For a Russian weekend at Washington DC's Canterbury Hotel, the dining room featured a fixed-price menu offering *borscht*, a beet soup; *piroshki*, small meat pies; *blinis*, buckwheat crepes with various toppings; choice of salmon in pastry or lamb kebab; *pashka*, a molded dessert made from curd cheese; or *kisel*, a cranberry dessert; and a glass of Armenian

Chef John Folse takes time out from running his American restaurant in Moscow during the Reagan-Gorbachev summit to admire the city's Byzantine domes and spires.

GEORGIAN EGGPLANT WITH WALNUTS

Ingredients:
2 medium eggplants
1 medium onion
¼ cup fresh parsley
¾ cup fresh coriander
2 medium garlic cloves
1 small pomegranate, seeds only
¾ cup blond walnuts
¼ cup sunflower oil
1 to 2 Tbs. mayonnaise
Salt and red pepper to taste

Method:
Wash and slice eggplants lengthwise into quarter-inch-thick slices. Saute in sunflower oil until slightly golden. Remove and place on paper towel to drain and cool. Cut cooked eggplant slices into quarter-inch, lengthwise strips. Mince onion, chop coriander and parsley. In a food processor, grind garlic and walnut to a fine paste. Mix together in a large bowl with coriander, parsley and onion. Add mayonnaise; mix well. Add eggplant and pomegranate seeds, and toss together until well mixed. Add salt and red pepper to taste. Serve in a mound on small platter; garnish with sprigs of coriander and sprinkles of pomegranate seeds.

—Julianne Marguelashvili, The Classic Cuisine of Georgia USSR

Пицца Хат

brandy to finish off the meal. Diners were entertained by a balalaika band and ate surrounded by Russian artifacts and travel posters of the Soviet Union. Chef Jeffrey Bleaken, who consulted the Soviet embassy while planning the menu, says that a contingent from the embassy came one night to sample the food—pronouncing it "very authentic."

Cities Restaurant, another Washington DC establishment, regularly focuses on celebrated cities of the world. It chose Leningrad as its theme city shortly after the chefs' visit. Chef Mary Richter's Ukranian borscht, served with garlic rolls, was highly praised by the local food critics. Richter says she tried to prepare her dishes just as they would be prepared in the Soviet Union, even though her American palate sometimes would have preferred more spices. Sahir Orozan, owner of Cities, added to the Russian mood by marbelizing the walls to give the dining room an Old European look. He also dressed the waiters in black pants and a black shirt with a big red stripe, an idea, he says, that may not have been authentic but was more like the dream image people have of the city built by Peter the Great.

The Moscow chefs pose with John Folse and new American friend Mickey Mouse during their visit to Orlando's Walt Disney World.

Russian haunts

Russian food may be getting a better press after Gorbachev's efforts at glasnost, but it wasn't completely unknown to Americans before the visit. At the time of the Russian Revolution, many Russians fled their country, some coming to the United States. Because New York attracted one of the largest groups of emigres, restaurants catering to homesick expatriates flourished. The well-known Russian Tea Room, for example, was founded in 1923 by members of the Russian

Imperial Ballet who had fled to America. The restaurant quickly became a center for Russian emigres, and today it still attracts people of all nationalities with its variations on such traditional Russian dishes as *Kasha a la Gourieff*, a warm farina dessert with apricot sauce, toasted almonds and fresh fruit; *Cotelette a la Kiev* (Chicken Kiev), bound breast of chicken, stuffed with butter, breaded and deep fried; and *Karsky Shashlik Supreme*, marinated lamb fillet, grilled on skewers and served with rice pilaf, a red-cabbage relish and Madeira sauce.

Perestroika at work

In addition to the exchange of foodservice professionals, the Soviet Union and the United States are looking at opening up markets for food products. Pepsi Cola already has an agreement whereby it exports its syrup to the Soviet Union and, in exchange, imports Stolichnaya vodka to the United States. By late spring or early summer, another kind of Soviet beverage may be on America's shelves—Laggidze Waters, a fruit-flavored mineral water from the Repulic of Georgia. The water will be marketed by Torg International, a New Jersey-based joint venture between a private U.S. firm and Soyuzplodoimport, the U.S.S.R.'s State Committee of Agriculture—the first such joint venture where the United States has the controlling interest (51 percent). The American company's part of the deal is to send over modern bottling equipment and the knowhow to update the packaging of the water. Next on the agenda for Torg is the importing of the Soviet Union's favorite beer, Zhiguli. Long-range plans call for introducing Soviet wine and cognacs and any other agricultural products Torg thinks American consumers might buy.

The Americans are coming, the Americans are coming

Joint ventures are one way the Soviet Union keeps some control over foreigners doing business on its soil. Any American company setting up business in the Soviet Union is required to have a Russian partner, usually with the Soviet side holding the controlling interest. The Soviets are bending over backwards to make it easier for foreigners to open businesses, but companies such as PepsiCo's Pizza Hut and McDonald's, that hope to open branches of their fast food restaurants in the Soviet Union, are finding there is still a lot of red tape to cut through. One of the biggest problems is the status of the ruble. Often referred to as "funny money," it has no value on the foreign market; the government sets one exchange rate, while black marketeers on Soviet city streets set another. That means the ruble cannot be converted into other currencies or used outside the Soviet Union, forcing most firms to barter one commodity for another, i.e., Pepsi Cola's deal with Stolichnaya vodka.

Another problem facing would-be restaurateurs is the scarcity of food supplies in the country, as well as the poor quality of the food that is available. Chicken-king Frank Perdue pronounced Russian chickens "lean and narrow-breasted," a polite way of saying they are skinny and undernourished. Folse, used to implementing native products for his showcase restaurants, did what he could with the products he found in the Moscow market. "They had potatoes, turnips, beets, cabbages. I used the cabbages for one Louisiana dish. I also used their sturgeon and salmon. But I suspect that their fish was frozen and reprocessed."

Food is rationed in eight of the 15 Soviet republics, a result of the short growing season in the majority of the U.S.S.R. and the Soviet system that requires that the majority of the food grown on collective farms go to a central location, where it is then sent to other parts of the country. Unfortunately, much of it spoils along the way. Add to this the lack of incentives for the farmer to produce, and the result is long lines of Russian people waiting to get into stores with mostly empty shelves. Folse found that the people had the money to spend, but a lack of things to spend it on.

The state's control extends to almost all of the country's restaurants too, although *glasnost* is allowing the opening of cooperatives. These co-ops, owned by families and groups, are allowed to choose their own menus, set their own prices and get rid of employees who don't measure up—a great contrast to the state-run eating places, notorious for their poor service. Folse describes the tradition of bad service as one of the greatest problems that would face anyone opening a restaurant in the Soviet Union—although the Soviet citizen makes a whole evening of dining out and doesn't expect quick service. "In a typical restaurant," Folse explains, "the waiter will bring a bottle of vodka to the table, and then go play a game of dominoes before he comes back again."

Folse is at present mulling over the service problem and other obstacles before deciding if he will accept proposals from the Soviet Union to open American-style eating establishments in the Soviet Union. He has been given the option, he relates, either to open a white-tablecloth, top-drawer American restaurant on the top floor of the Moscow Trade Center or to design such a restaurant and then lease it to an American entity that would run it. If he accepts the first offer, he would have to find a reliable and regular way to bring in American foodstuffs. If he accepts the second, he would try to bring waiters and wine stewards to the United States for six months to learn the American way of service. Meanwhile, Folse has decided to accept a third offer—to run fast food kiosks in two of Moscow's city parks—selling such American foods as hot dogs, cotton candy and hamburgers.

McDonald's of Canada, planning to open the first of 20 operations in the Soviet Union this year, will draw supervisory staff from other McDonald's locations in the setting-up period and train its Soviet management staff at one of its Hamburger Universities. Ingredients for its Big Macs, fish fillets, fries, shakes and soft drinks will come from a food-distribution center the company will build in Moscow.

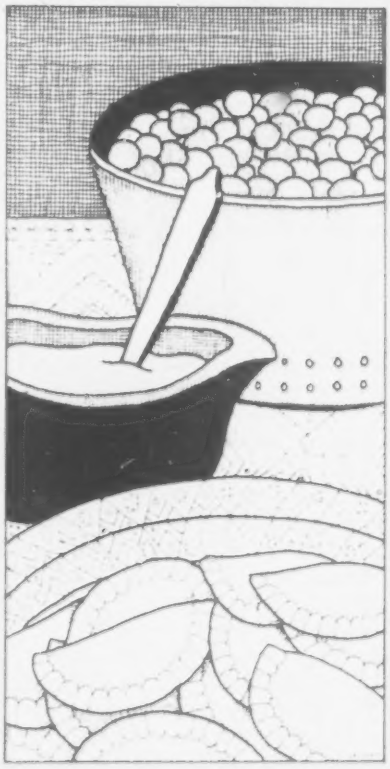
In spite of the difficult problems, Folse sees great opportunities in the Soviet Union. "They need foodservice and our expertise," he declares. Folse thinks it's just a matter of time before the problems are solved. ❑

THE FOODS OF RUSSIA

To understand the food of Russia is to understand that the Soviet Union is not a country but an empire, made up of 15 republics. Its vast territory reaches from the Atlantic to the Pacific, from the Arctic Circle to the Caspian Sea, with climates ranging from subtropical to frigid. The 230 million people who live in the Soviet Union can be separated into 110 national strains, each with its own way of cooking, depending on the heritage—be it Slavic, Nordic, Mongolian or Middle Eastern, and depending on which foodstuffs are available in that particular region. For example, the Latvians, Estonians and Lithuanians, known for their fishing and dairy industries, have dishes similar in many ways to those of Scandinavia. The Ukraine, a fertile wheat-growing land, is naturally known for its breads. Armenia's ties with the Middle East are reflected in its baklava, flat bread and use of bulgur wheat. In Russia, the largest of the republics, the markets where housewives shop suffer from a scarcity of meat and fresh fruit and vegetables. During the long winter, the Russian family relies on foods canned or preserved during the summer and on root vegetables, such as potatoes, beets, turnips, carrots and cabbages, that store well.

The Soviet Republic of Georgia enjoys the reputation of having the best cuisine in the Soviet Union; its dishes are spicy and make wide use of walnuts, coriander and pomegranates. Georgia's diverse terrain and climate supports grazing land for sheep and cattle, waters for fresh fish and forests for game and nuts, including the Persian walnuts that form the base for sauces used on meats, fish and vegetables. One corner of Georgia has a subtropical climate, where tea and citrus fruits are grown and grapes are made into wine and brandy.

Even in pre-Gorbachev days there were certain Russian dishes known by Americans: blinis and borscht, as well as Beef Stroganoff and Chicken Kiev (both dishes of the nobility brought to this country by Russians fleeing the revolution), and perhaps the most famous Russian foods of all—vodka and caviar.



Na zdorovie!—to your health!

Vodka was first introduced as a medicine in the 14th century, and some would say the Russians still drink it to alleviate pain. They always drink it ice cold—sometimes encasing the bottle in a chunk of ice—but never diluted with ice, and at a single gulp from a small glass. Flavorings are often added. Lemon vodka is a favorite; anise, buffalo grass, tea, dark sweet cherries or crushed cherrystones are other additions. Pepper vodka, *pertsovka*, is fiery hot and thought to be an effective remedy for colds.

Something like the Swedish smorgasbord is the Russian table of appetizers called *zabuska*, literally meaning small bites. The zabuska table can serve as a prelude to the main meal, with diners standing to sample the different dishes and washing them all down with vodka or sitting down and making a meal of the smoked or marinated fish, cheeses, pates, vegetable caviars, sausages and salads.

Perhaps the stars of the zabuska table are the caviars. Most choice of all the varieties of roe taken from different kinds of sturgeon is the Beluga, the large eggs gray to almost black. The Sevruga and Osetrova sturgeon produce smaller, sometimes darker eggs. Lower-priced caviars are made from the roe of salmon or pressed from damaged sturgeon eggs. Ironically, this delicacy is usually exported to the West.

Soup is a mainstay of the Russian diet. A cabbage soup and a fish soup are common, but *borscht*, made from beets, is probably the favorite. Meat pies can be an accompaniment to soups or served alone. *Pirozhki* are tiny pastries filled with meat, fish, mushrooms, cheese or other fillings. Another dish that lends itself to a variety of fillings are the *blini*, pancakes traditionally made from buckwheat flour. Caviar, pickled herring, chopped mushrooms and onions, or plain melted butter garnish this dish, which is traditionally eaten in the week before Lent. In addition, Soviets enjoy shish kebab; fish and grains, most notably, *kasha*, made from buckwheat groats; and cakes.

Since the revolution, Russian cuisine has changed little. Too much attention paid to the pursuit of fine food was associated with the nobility and was therefore considered an unworthy pastime in the post-revolutionary years. But all that may be changing, as culinary *glasnost* is offering the Soviets the chance to learn about foods as prepared in other parts of the world. If the Russians join the 43-nation World Cooks' Society (something they promised to consider when they visited ACF headquarters last November), then the exchange of cooking ideas in the international culinary community may go a long way to adding new dimensions to the Russian repertoire.

—Julie Fintel

WAYS TO REDUCE WORKERS' COMPENSATION CLAIMS

Health care and health insurance rates have shot through the roof in recent years. One way to keep a lid on expenses is to avoid unnecessary outlays for workers' compensation claims.

by William E. Hartsfield

Almost six million people are injured on the job each year. Although 4.5 million require only medical treatment, nearly 325,000 suffer permanent disability. Accidents can happen in restaurants just as in any workplace. In the event an employee is injured, a workers' compensation claim (or a lawsuit) can result. In today's litigious society, having to pay even one large workers' compensation claim could be enough to skyrocket premiums. Consequently, it is worth taking steps to ensure that your operation is following prudent procedures with regard to workers' compensation. Above all, you must do all you can to avoid situations resulting in claims. When it comes to workers' compensation, an ounce of prevention can be worth thousands of dollars of cure. Let's look at ways to prevent large claims from being filed in the first place.

1. Designate a coordinator. Designate a coordinator to be responsible for taking charge of all efforts to reduce workers' compensation claims. This person should manage a complete safety program.

The coordinator should start by analyzing your operation's accident records. For example, if your operation has recurring instances of back injuries, the coordinator can note the pattern and initiate a training program on the proper way to lift.

He or she should also make sure your restaurant is complying with the law and should monitor responses to all claims. To keep up with changes in the law, the coordinator should attend seminars.

2. Initiate a safety program. The key to reducing workers' compensation claims is safety. To begin a safety program, obtain standards from the Occupational Safety and Health Administration (OSHA) that apply to jobs in your operation. Next, ask your insurance carrier to audit your workplace for suggestions on eliminating safety hazards. Correct problems in the physical layout of the operation that may have led to several similar accidents. Sponsor training programs dealing with the safe use of equipment. Post notices telling employees that they are to report all injuries, no matter how minor.

3. Implement careful hiring procedures. While interviewing job applicants, eliminate workers who are unable to physically complete the tasks their positions require. Insist on a physical examination if in doubt. In doing so, you are ensuring that you will never ask workers to do a task of which they are not capable.

Create job descriptions that include the physical activities of each position, and ask applicants if there are any reasons they are not fit to carry out those tasks. Include a section on the application that states that false information provided by the applicant is grounds for immediate termination.

You may also contact Employer's Information Service at 1-800-535-4075 to screen for any fraudulent workers' compensation claims.

4. Establish a swift reporting procedure. The claims coordinator should file injury reports as soon as possible with the insurance carrier and the appropriate state agency. Filing a report usually starts the time limit running on when the employee can file a notice of injury, and it gives the insurance company and its attorney a starting point for investigating a claim. In fact, the employer may be subject to a fine if a report is not filed.

Any injury report should identify all witnesses to the incident and describe in detail what occurred. Discuss with your insurance carrier what information to place in the injury report and what information to include only in your own investigation notes, keeping in mind that the injury report will almost certainly be available to the injured party's attorney. Your investigation notes, on the other hand, may be protected by a privilege and thus may not be available to others without your permission.

5. Hire a consulting physician. A medical advisor who provides advice to you and does not treat employees may help you reduce and manage your claims. He or she can

- conduct preemployment medical examinations
- advise you on the ability of injured employees to return to work
- review medical bills for possible fraud and
- recommend treatment by physicians who understand your business.

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When looking for a consulting physician, seek one who will discuss medical exams with you in detail and who will be personable—a "people" doctor, not a company doctor.

6. Recommend a health-care provider for an injured employee. From the outset, identify a doctor (or medical facility) close to your workplace who can provide good service to your employees and who is properly equipped to treat injuries that might be sustained in your restaurant. Be sure to recommend a doctor who does not automatically prescribe medication and give the employee several days off just for coming in. Instead, seek a doctor willing to work with you in determining if an injured employee is available for light duty.

The doctor you recommend should be willing to testify if necessary and should *not* be one who works exclusively with defense law firms.

7. Avoid unlawful practices. As you design and manage your program, keep in mind that it is typically unlawful for the employer to fail or refuse to file the first report of injury. Further, several states prohibit discrimination against any employee who has, in good faith, filed a workers' compensation form, hired an attorney or initiated any workers' compensation claim. In many states, an employee may not waive his or her rights to workers' compensation.

If a claim is filed

Following the previous steps will put you on your way toward reducing the odds of having a large workers' compensation claim filed against you. Inevitably, however, some claims will be filed. You must respond quickly with actions that can help reduce the size of the claim.

1. Avoid the "us against them" attitude with employees. Instead of ignoring accidents at work, offer to refer the employee to an appropriate health-care provider. If employees are entitled to benefits, help the employee obtain them.

Visit employees in the hospital or at home, and let them know you want to help them. Maintain close contact with them until they are back on the job. This contact will show your concern for them and boost their morale, prompting a quicker return to work. During this period of contact, the employee may tell you if there is a problem with the insurance carrier. You can work to correct this problem before the employee hires an attorney.

Finally, place the recovering employee in a temporary job for which he or she is physically qualified. By doing so, you are not paying for lost wages without getting some work in return.

2. Conduct a routine investigation of accidents leading to a claim. Any investigation of the accident should document your compliance with safety rules and identify persons who may know of the employee's behavior before or after the accident. For example, did someone see the employee drinking alcohol prior to the accident? Did the employee get hurt on the weekend playing softball and then complain of a knee injury Monday afternoon at work? Did someone see the employee playing volleyball after an alleged back injury?

If the investigation suggests that the employee's claim is fraudulent or provides other reasons to deny liability, give specific details in the letter that accompanies the injury report. Interview witnesses and others to get their versions of what happened, what working conditions they deemed unsafe and their opinion of the injured employee's ability to work before and after the accident.

The investigator should carefully look over the scene of the accident and take photographs if they would prove useful. For example, if the employee claims that the accident occurred a certain way, and the setup of the work area is such that it disproves the claim, the layout of the work area should be photographed.

Finally, the investigator should preserve any piece of equipment involved in the accident. For example, if a piece of equipment breaks off, causing an accident, the part should be given to the insurance carrier.

3. Communicate with the insurance carrier. Your insurance carrier should be notified of any developments concerning the injured party. For example, notify your insurer if

- the employee returns to work,
- goes to work for another employer or opens a business
- the employee receives a work release from a doctor
- work becomes available that the employee can do in spite of the injury or
- any physical activity occurs that contradicts the employee's statements about the extent of the injury.

Your claims coordinator should not merely provide information to the insurance carrier. He or she should establish a relationship with the insurer, evaluate the carrier's performance and request any necessary changes in service. For example, ask your insurer to

- audit your facility quarterly or semiannually to suggest safety improvements
- help you fill out the claim forms
- explain to you the process at the industrial accident board
- provide regular status reports and contact you before settling the claim and
- explain why it recommends a settlement and how it arrived at a settlement amount.

You may want to retain certain rights in your agreement with the insurance carrier. For example, you may want the right to select the attorney to represent you, and you may want the authority to settle the claim if it exceeds a stated amount.

4. Communicate with the defense attorney. At least as important as your relationship with the insurance carrier is your relationship with

What is workers' compensation?

Generally, workers' compensation is a no-fault insurance system designed to pay for medical bills and wages lost by an employee who is injured on the job or contracts an occupational disease. Under most state laws, the employer is required to provide this insurance. Both the employer and the employee can benefit when the system works. The employee is assured of insurance coverage for medical bills and for a percentage of lost wages. The employer avoids large monetary claims for the employee's pain and suffering.

the defense attorney. You should provide the attorney with all relevant documents, such as claim forms, wage statements, attendance records, personnel records and photographs, to speed the attorney's action. You may want to request that the attorney contact you first to approve settlement offers rather than allowing the insurance carrier to do so.

Be careful to preserve the attorney-client privilege. In other words, from the outset establish with your attorney and insurance carrier that information you gather is under their direction and at their request in order for them to provide you with legal advice. After establishing this arrangement, you will be able to legally argue that the documents you provide are protected by the attorney-client privilege, thereby making communications between you and the attorneys privileged. This forces the employee's attorney to decide what questions to ask rather than simply asking you, "What did you tell the attorney?"

5. Raise the following issues with your attorney and your insurance carrier to protect yourself:

- ☐ What are the issues in dispute on this claim?
- ☐ Can you make a claim against a third party for the injuries to the employee?
- ☐ If light duty is available for the injured employee, will it reduce payments under the claim?
- ☐ Should there be an independent medical examination?
- ☐ Should you initiate a background check on the employee for fraudulent claims?
- ☐ Has any hearing been scheduled and should you or your representative attend?
- ☐ Has there been an offer to settle?
- ☐ Should any corrections be made to working conditions?

6. Assist in the trial or hearing. You can be quite valuable to your defense by actively participating in hearings, depositions and trials. You are the person who knows the workplace best, and you can best discover inconsistencies in the employee's story. This is information that your attorney and insurer can get from no one but you. ❑

#97

Another class reunion

I recently went to another college class reunion to renew friendships with my cosmopolitan and gourmet classmates. I know you can't wait for me to tell you about it.

The reunion committee had balanced the program quite well. The committee was composed of Cal O'Rees, Starr Chez, Carbo Hydrates and Cole Esterol. Burr Gundy and Chardon Nay were in charge of ordering the wine. When they asked for help, Pino Nawhr readily agreed, Pino Blanc turned white and Zin Fandel blushed.

Croy Sant from France won the prize for coming from the farthest distance, but Tos Titas came from Mexico and Kay Jun came up from New Orleans.

Our two best baseball players came back, Pitcher O'Bier and Batter Shrimp. I got a little worried about two people I saw. Ava Kado looked a little green and Blanche Karats looked a little pale. On the other hand, Saul Sage is still plump and Petty Fors is still sweet, as is Crystal Sugar. Johnny Kake is everyone's old standby, as is Conn Sommay. Demi Tass only stayed for half the time. Liko Reese was a hit with the young kids, and Ginger Glaze was smooth yet spicy.

Our class has two sets of twins; neither pair is identical. Hazel Nutt looks nothing like her brother Doe, and York Shire is a far cry from his brother Wooster.

The people who used to hang out together still gravitated toward one another. Grenna Dean talked a lot with Mary Chino. And Mack Arel, Red Mullet, Hally Butt, Wally Pike and Finnan Haddy still see eye to eye. They all eventually caught up with Tarta Sos, who was making the rounds.

Some people who went together wound up married. They included Hammond Rye and Maya Naze, and Chad O'Briand, who married Maya's sister, Bern.

Some people remained good friends for life. Among them were Vinny Grett and Cu Cumber, Marge Arin and Melba Tost, Sal Ladd and Roke Forte, Cal Amari and Aba Loney. Sal Omi was still everyone's friend, but the group stayed away from Clo Stridium and Pere Fringens. You still have to watch Sol Deum and Crummy Muffins.

Three guys had lost their hair, so they each earned the nickname "Pop." They were Pop Sickles, Pop Paya and Pop Korn. Cara Mell developed quite an interest in Pop Korn.

It's always interesting to note the occupations people go into. Torta Leeny is a lawyer, Ray Sens is in breakfast foods, Pete Kahn is in pies and ice cream, Bull Yon is a politician and Omma Lett is in the egg business. Cauly Flower is a grocer and sometimes connects with Al Gratin. Al Frommage is a big cheese somewhere. Gastra Nome is in the restaurant business.

Some people retain their characteristics forever. Moe Lasses is still slow. Cher Bertt is still cold and icy. Kay Yen is still peppery. Cassa Rolls still goes after the leftovers, and Venna Zen is still a little wild and gamey. Cheri Jubilee and B. Anna Foster are still flamers. Sally Mander is still handy, Gella Tinn is a little thick and Tab Asco is still hot stuff.

I had a chance to say only a brief hello to Ray Goo, Borda Laze, Mully Gatawny, Ruta Bagga and Mary Nated. I waved to Boolya Bays, Mosa Arilla, Lynn Gweeny and Manny Cotti.

The morning after the reunion, everyone was glad to bump into Al Kaseltzer.

Fisher's Law #97: When you go to a reunion, don't overdo it.

A healthy oil change

The time is approaching when the consumer will be able to order any fried item in a fast food restaurant confident that it has been prepared in a relatively unsaturated fat.

The big news in nutrition this year concerns fat in the diet. As the scientific evidence associating a high-fat diet with heart disease and cancer strengthens, the public is increasingly aware of fat and fatty foods. Americans are focusing not only on total fat intake but on the type of fat consumed as well. As usual, trends in the foodservice industry reflect public preoccupations. The trend is decidedly away from cooking with animal fat, even in the fast food sector.

Few chains use animal frying fats exclusively

In fact, a 1988 survey conducted by the National Restaurant Association shows that only five of the 28 major chains that responded use animal fat exclusively for all types of frying.

A questionnaire was sent to fast food and family restaurant chains with 350 or more units. Twenty-eight of the 36 questionnaires were completed, resulting in a response rate of 78 percent. Respondents represented 47,000 units, and 71 percent were fast food chains.

The responses make it clear that we are in the midst of a switch from animal fat as a frying medium to vegetable oil or vegetable shortening, which contains a higher percent of unsaturated fats. During the two years preceding August 1988, 20 percent of the companies surveyed changed some or all of the fats they use for frying. The majority switched from an animal/vegetable (A/V) shortening blend or tropical fats to vegetable fats. Another 14 percent indicated plans to change their frying fat during the next two years.

How Hardee's, Burger King made the switch

Hardee's executives were convinced the switch from an A/V shortening blend to all-vegetable oil was worth it after the company conducted consumer taste tests. "Hardee's is consumer-driven, and our patrons were telling us that they were concerned about nutrition. And they couldn't tell any difference in color, taste or texture between the products fried in shortening and all-vegetable oil," reports Jerry Singer, Hardee's director of public relations. According to Singer, none of Hardee's products had to be reformulated, and the switch did not pose any other technical problems. "Some of our franchisees needed convincing," Singer admits. "And it took about six months to run out the A/V inventory, but by and large, we had no problems."

One drawback to the change was cost. Singer says the vegetable oil can cost up to 30 percent more than A/V shortening. Hardee's chose not to pass the increase along to consumers. "We received hundreds of letters supporting our decision to switch and were applauded by consumer groups, doctors and dietitians," Singer boasts. He adds that the change also was designed to attract 18-to-35-year-old females, who tend to be more concerned about nutrition and health issues than the average consumer. "Traffic has increased by one percent during the last year, which means 6 million new customers to Hardee's. Plus profits are in their third straight record-breaking year."

When Burger King abandoned A/V shortening for vegetable shortening for all products except french fries, on the other hand, it was done with the introduction of "Chicken Tenders." "I think this made the change easier to assimilate and minimized negative reactions from franchisees," explains Doug Timberlake, Burger King spokesperson. Unlike Hardee's, Burger King continues to use an A/V shortening blend for its french fries. "Our market research indicated that patrons' concerns about fat and cholesterol are becoming more dominant, but the research continually reinforced their preference for a potato fried in the A/V shortening."

With all this reassessment going on, where do we stand today? Fifty-seven percent of those surveyed, or 16 companies representing 23,000 units, use only vegetable oil or vegetable shortening for frying. Twenty-one percent, or six chains, use more than one kind of fat. Usually, this group uses a combination of animal and vegetable fat for preparing french fries and/or hash browns and vegetable fat alone for frying other products such as chicken, fish and pies. Eighteen percent, or five chains, use an animal/vegetable blend exclusively. And one chain approves both the blend and vegetable fat, allowing individual franchisees or unit managers to assess consumer wishes and then choose.

Fats are not the only focus. The association survey also indicates that a broad range of health-conscious items are already available to the consumer in chain restaurants. At least 75 percent of respondents are offering decaffeinated coffee, entree salads or salad bars, reduced-calorie dressings, fruit juices and low-fat milk. In addition, 71 percent offer a nonfried sandwich.

What does the future hold? Most likely operators will continue to change with the trends.

—Claire Regan, R.D.

Regional food preferences

Restaurant patrons in Caribou, Maine, have quite different preferences from diners in San Diego. A special CREST study examining consumers' regional food preferences at restaurants for the year 1987 can help operators target their customers' preferences. The study analyzed the relative popularity and growth patterns of various food items among the nine U.S. census regions.*

U.S. restaurant customers are diverse in their selection of menu items. Food preferences are often dictated by regional personality, the ethnic background of the indigenous population, the availability of different food sources and tradition. Here are highlights from the CREST analysis of consumer food tastes by region.

**CREST stands for Consumer Reports on Eating Share Trends, a diary survey conducted by one of the NPD marketing and research companies.*

New England

□ Consumer preferences for upscale restaurants were higher here than in other regions.

□ The likelihood of ordering wine, veal and seafood—all traditional upscale items—was twice the national average.

□ Among the 10 major national menu items,** coffee and ice cream were most popular in New England.

□ Although Mexican food is relatively unpopular in New England, it has gained a toehold in the region, as evidenced by the sharp gain in orders in 1987 for tacos and burritos.

□ Customers in New England were willing to travel farther to get to a restaurant than were customers in any other area of the country.

***The 10 major national menu items are: carbonated soft drinks, french fries, burgers, salads, coffee, pizza, breads, chicken, tea and ice cream.*

Mid-Atlantic

□ As in New England, restaurant visitors in the mid-Atlantic region showed a strong predilection for upscale establishments as well as a coastal bias toward seafood.

□ The likelihood of Mid-Atlantic residents ordering pizza is higher than in any other region.

□ Mexican food was slow to catch on at the region's restaurants. The likelihood of ordering Mexican dishes was about one-quarter of the national average. Orders for enchiladas and burritos fell sharply in 1987.

□ Orders for salad and pan pizza rose more than 30 percent in 1987.

East North Central

□ Red-meat foods topped the list of area favorites, but seafood was relatively unpopular here.

□ Main-dish salad was an

Seafood is more popular in the coastal regions than in the rest of the nation

	New England	Mid-Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
1.	Broiled/ baked/ grilled seafood	Veal	Chili	Soft-serve ice cream	Breakfast sandwich	Vegetable platter	Enchiladas	Other Mexican	Burritos
2.	Tuna/ ham/ chicken sandwich	Heros/ subs	Main-dish salad	Bacon cheese-burger	Iced tea	Spicy fried chicken	Other Mexican	Enchiladas	Tacos
3.	Heros/ subs	Tuna/ham/ chicken sandwich	Cheese	Pan pizza	Fried shellfish	Fried fish	Spicy fried chicken	Burritos	Wine
4.	Veal	Hot tea	BBQ ribs	Taco salad	Broiled/ baked/ grilled seafood	Biscuits	Iced tea	Tacos	Frozen desserts (non-ice cream)
5.	Wine	Broiled/ baked/ grilled seafood	Roast beef sandwich	Ham and cheese sandwich	Vegetable platter	Iced tea	Tacos	Frozen desserts (non-ice cream)	Other Mexican

**Relative to national average*
Source: NPD CREST

Mexican food is least popular in Northeast regions

New England	Mid-Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
1. Enchiladas	Burritos	Enchiladas	Veal	Enchiladas	Wine	Hot tea	BBQ chicken	Spicy fried chicken
2. Tacos	Enchiladas	Vegetable platter	Spicy fried chicken	Other Mexican	Omelets	Decaf coffee	Veal	Cole slaw
3. Other Mexican	Other Mexican	Iced tea	Heros/subs	Burritos	Veal	Cheese	Spicy fried chicken	Breakfast sandwich
4. Burritos	Tacos	Boiled/ steamed/ raw seafood	Boiled/ steamed/ raw seafood	Tacos	Alcoholic beverages	Soup	Breakfast sandwich	Iced tea
5. Taco salad	Taco salad	Broiled/ baked/ grilled seafood	Wine	Donuts/ sweet rolls	Hot tea	BLT/club sandwich	Boiled/ steamed/ raw seafood	Pan pizza

**Relative to national average*
Source: NPD CREST

Quickservice restaurants played a dominant role in the East South Central region, accounting for 75 percent of customer traffic in 1987—a higher proportion than in any other region.

extremely popular item in the East North Central region. Overall salad orders in the region climbed by more than one-third in 1987.

□ The likelihood of customers ordering tea in this region was about half the national average.

□ Among national menu items, only coffee and pizza saw significant above-average orders in the region.

West North Central

□ When compared with the rest of the country, the favorite menu items in the West North Central states in 1987 were distinctly fast food-oriented. This is not surprising in view of the rapid expansion of quickservice restaurants in this region.

□ Soft-serve ice cream was the most popular menu item in the region, but hard-serve ice cream orders fell 22 percent.

□ Below-average preference for upscale restaurants was reported for this region in 1987. Accordingly, the likelihood of ordering veal, boiled/steamed/raw seafood and wine—all upscale items—was about half the national average.

□ Chicken was a big gainer. Total orders rose 45 percent and orders for barbecue chicken rose 49 percent.

South Atlantic

□ Breakfast sandwiches and iced tea, two traditional Southern favorites, topped the list of most popular items in the South Atlantic region.

□ Seafood was one of the most popular menu items, which is not surprising considering that seven of the region's eight states are on the coast.

□ Salad gained acceptance throughout the region, as orders for several different varieties increased by more than 30 percent in 1987.

Main-dish salad was an extremely popular item in the East North Central region. Overall salad orders in the region climbed by more than one-third in 1987.

□ Mexican food had a low level of acceptance in the South Atlantic compared to elsewhere in the United States. The likelihood of ordering Mexican items was about half the national average.

East South Central

□ Quickservice restaurants played a dominant role in the East South Central region, accounting for 75 percent of customer traffic in 1987—a higher proportion than in any other region.

□ Traditional Southern foods, such as spicy fried chicken, fried fish and biscuits, also were popular.

□ Iced tea was a favorite, but hot tea saw well-below-average consumption at the region's restaurants. In general, both hot tea and hot coffee were not popular items in the southern regions of the United States. This is probably due to a preference for cold drinks in warm-weather states.

□ Orders for Chinese/

The five fastest-growing menu items, by region, 1987

The popularity of pan pizza and tuna/ham/chicken salad is growing nationwide

New England	Mid-Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
1. Tacos	Salad	Main-dish salad	Non-carb soft drinks	French toast	Chicken sandwich	Tuna/ham/ chicken salad	Frozen desserts (non-ice cream)	Chicken
2. Spicy fried chicken	Pan pizza	Tuna/ham/ chicken salad	Tuna/ham/ chicken salad	Salad	Chinese/ Asian	Chicken sandwich	Pan pizza	Heros/ subs
3. Burritos	Spicy fried chicken	Pan pizza	BBQ chicken	Tuna/ham/ chicken salad	Croissants	Wine	Chicken sandwich	Pan pizza
4. Pan pizza	BBQ ribs	Frozen desserts	Chicken	Taco salad	Fried shellfish	Veal	Chili	Frozen desserts
5. Tuna/ ham/ chicken salad	Tuna/ham/ chicken salad	Chicken	Roast beef sandwich			Fried fish	Rice	Tuna/ ham/ chicken salad

Source: NPD CREST

Asian menu items jumped 52 percent in the East South Central region in 1987.

West South Central

□ With the region's proximity to the Mexican border and its large Hispanic population, it is not surprising that Mexican menu items fared best in the West South Central region. Enchiladas were preferred in this region by more than three times the national average. The likelihood of ordering other Mexican dishes was more than twice the national average.

□ Other favorite dishes included spicy fried chicken and iced tea.

□ Hot liquids, such as hot tea, soup and coffee, were not popular with diners in the region. This is probably due to the region's hot weather.

□ Coffee was less popular here than in any other region.

Mountain

□ Mexican food was king of the Mountain region,

The five fastest-growing menu items, by region, 1987

Stuffed pizza is losing popularity

New England	Mid-Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
1. Stuffed pizza	Ham and cheese sandwich	Stuffed pizza	Stuffed pizza	Stuffed pizza	Stuffed pizza	Cheese	Stuffed pizza	Croissants
2. Steak sandwich	Enchiladas	Vegetable platter	Hot chocolate	Bacon cheese-burger	Vegetable platter	Stuffed pizza	BBQ chicken	French toast
3. Ground-beef entrees	Burritos	Donuts/ sweet rolls	Hard-serve ice cream	Cheesecake	Donuts/ sweet rolls	BBQ ribs	Boiled/ steamed/ raw seafood	Other fried veggies
4. Cookies	Bacon cheese-burger	Cheesecake	Gelatin/ pudding	BBQ ribs	Cheesecake	BLT/club sandwich	Cheese	Ham
5. Potato salad	Cakes/ pastries/ tortes	Bacon cheese-burger	Wine	Nachos	Bacon cheese-burger	Cheesecake	Donuts/ sweet rolls	Cheese

Source: NPD CREST

claiming four of the five top spots on the area popularity chart. Frozen non-ice-cream desserts (such as frozen yogurt) also emerged as an area favorite.

□ Dishes well-liked in the Southern and coastal areas of the United States, such as seafood, veal, chicken and breakfast sandwiches, had a low degree of popularity in the Mountain region.

□ Topping the list of fastest-growing foods were frozen non-ice-cream desserts and pan pizza.

□ Among major national menu items, only ice cream saw above-average orders in 1987.

Pacific

□ Restaurant patrons in the Pacific region showed a high preference for Mexican food and frozen non-ice-cream desserts. Wine was also popular here—an appreciation enhanced, no doubt, by the existence of many local vineyards.

□ Southern foods, such as spicy fried chicken, coleslaw, breakfast sandwiches and iced tea, were generally unpopular.

□ Although the likelihood of ordering pan pizza in this area was about half the national average, it started to catch fire in 1987 as orders rose 32 percent.

□ Chicken orders rose 62 percent at Pacific-region restaurants in 1987.

□ None of the 10 major national menu items saw above-average consumption in the Pacific region in 1987. This probably is related to the style and personality of the region, which places more of a premium on the eclectic and trendy than on tried-and-true restaurant dishes.

—Sebastian O'Kelly

1988 annual CREST report

In 1988, restaurant industry traffic increased a slight 0.5 percent, well below the 3.5 percent rate of growth recorded in 1987. 1988's traffic gain was the smallest advance for the foodservice industry in the last five years. The sluggish growth was precipitated, in part, by a decline in household penetration rather than by patrons reducing the frequency of their visits. In other words, the number of households in which at least one member dined out during an average two-week period dipped 0.6 percent in 1988, but frequency of restaurant visits among those who went to restaurants remained unchanged from 1987.

Traffic highlights

Among the three industry segments tracked by CREST, quickservice was the only one to report traffic growth in 1988—up 1.8 percent. Within the quickservice sector, varied-menu restaurants, Mexican restaurants and grocery stores all had strong traffic gains. Making lesser gains than in previous years were Asian fast food, hamburger and pizza places.

Customer counts at both midscale and upscale operations decreased in 1988. Traffic dropped 2.4 percent at midscale establishments and declined 1.4 percent at upscale restaurants.

Overall traffic changed little at each meal period in 1988. Dinner reported the largest advance—0.9 percent. Customer counts gained 0.3 percent at lunch and declined 0.8 percent at breakfast. Among industry segments, only quickservice experienced traffic growth at each meal period. Both midscale and upscale establishments suffered traffic losses at each meal period in 1988.

In 1988, off-premises consumption was responsible for all of the gain in industry traffic; the number of takeout occasions advanced 3.8 percent. Midscale operations experienced the strongest gain in takeout with a 4.5 percent jump in traffic. Takeout continued to catch on in the upscale segment, too; upscale restaurants saw a 4.1 percent gain in takeout traffic. Off-premises traffic was up 3.8 percent at quickservice eateries in 1988.

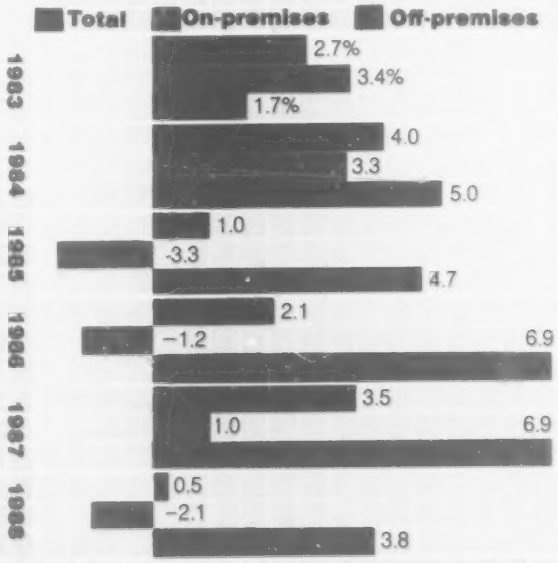
After climbing 1.0 percent in 1987, on-premises traffic fell 2.1 percent in 1988, with the decrease felt in all three industry segments. The largest drop in on-premises traffic occurred at midscale restaurants—down 3.5 percent. On-premises counts at upscale and quickservice places declined 1.8 percent and 1.1 percent, respectively.

Regional traffic

Information published for the first time by the National Restaurant Association shows considerable regional variation in industry performance last year. For instance, only the Pacific and New England states enjoyed strong gains of more than 3 percent in customer traffic last year. In comparison, customer traffic declined by 5 percent in the Mid-Atlantic states and was off by nearly 4 percent in the East South Central region. Furthermore, poor performance in terms of declining traffic spread west-

Annual growth in industry traffic

Off-premises traffic continues to fuel total industry growth



Note: *Percent change is over the prior year.*
Source: NPD CREST Household Reports, 1982–1988

ward through the West South Central and Mountain states as well.

Average check size

The average per-person check size increased 3.4 percent in 1988 to $3.64. This was nearly double the growth rate of 2.0 percent for 1987. Quickservice restaurants showed the sharpest increase in the average check—up 5.1 percent to $2.69—followed by upscale operations—up 3.6 percent to $9.30. The average check size at midscale eateries gained 3.5 percent to $4.43.

Lunch saw the biggest boost in average check size—up 4.6 percent to $3.44. The average check size increased 3.9 percent at breakfast to $2.42 and climbed 2.8 percent at dinner to $4.76.

All regions reported increases in average check size in 1988, with the East South Central recording the biggest gain at 7.5 percent. The Mountain and Middle Atlantic regions followed, with increases of more than 5 percent. (It's interesting to note that each of these regions also posted declines in traffic.)

Only the Pacific and New England states enjoyed strong traffic gains in 1988

	New England[1]	Mid-Atlantic[2]	East North Central[3]	West North Central[4]	South Atlantic[5]	East South Central[6]	West South Central[7]	Mountain[8]	Pacific[9]
Traffic*	3.7%	−5.1%	2.5%	2.2%	1.4%	−3.9%	−0.7%	−1.8%	4.2%
Average* check size	3.4	5.1	3.0	2.6	2.6	7.5	2.4	5.4	3.2
Percent of eater occasions involving a promotion	12.2	17.0	21.6	20.7	20.3	21.8	22.4	23.7	19.1

***Note:** Figures represent percent change over 1987.*

Source: NPD CREST, Annual Household Report, 1988.

[1] *Includes the states of CT, ME, MA, RI, VT, NH*
[2] *Includes NY, PA, NJ*
[3] *Includes MI, WI, OH, IN, IL*
[4] *Includes ND, SD, MN, IA, NE, KS, MO*
[5] *Includes DC, DE, MD, VA, WV, NC, SC, GA, FL*
[6] *Includes KY, TN, AL, MS*
[7] *Includes OK, AR, TX, LA*
[8] *Includes MT, ID, WY, NV, UT, CO, AZ, NM*
[9] *Includes WA, OR, CA*

Promotions

Promotions were used on 17.8 percent of all restaurant occasions during 1988, up from 17.1 percent in 1987. Usage was highest at quickservice restaurants, where promotions were employed on 19.9 percent of all restaurant occasions. Promotions were used at midscale and upscale places on 13.7 percent and 13.4 percent of all occasions, respectively—up from 13.3 percent and 12.7 percent in 1987.

Dinner was the preferred meal period for promotion use, with 23 percent of all dinner occasions in 1988 involving promotion. Breakfast and lunch recorded promotion rates of 14.2 percent and 16.5 percent, respectively.

On a regional basis, use of promotions ranged from a low of 12.2 percent of occasions in New England to a high of 23.7 percent in the Mountain states. Promotional use was up nearly 11 percent in the East South Central region but gained by less than 1 percent in the East North Central states, again showing the substantial differences that exist from one region of the country to another.

1988 fall quarter CREST report

Customer traffic for the 1988 fall quarter was down 0.3 percent from one year earlier. This marked the second consecutive quarter of loss, the first such six-month period since the third quarter of 1982. Restaurant industry sales, however, were up 4.2 percent over 1987.

Only quickservice establishments reported gains in traffic for the fall 1988 quarter, up 0.7 percent. Traffic declined 2.6 percent at midscale establishments and 1.0 percent at upscale operations.

By meal period, breakfast had the weakest quarter, with traffic down 2.2 percent. Although breakfast traffic was up slightly at quickservice establishments, it fell steeply at midscale and upscale eateries. Total lunch traffic was down 0.2 percent; dinner traffic dipped 0.1 percent.

Off-premises traffic continued to account for all of the industry's traffic growth. Takeout traffic gained 0.7 percent in the fall quarter, but on-premises customer counts declined 1.1 percent. Takeout gathered momentum with upscale patrons; off-premises traffic in this segment advanced 6.9 percent.

The average check size for the 1988 fall quarter was $3.70, up 4.5 percent from 1987. The average check size at quickservice operations gained 5.0 percent to $2.75, and it climbed 5.1 percent to $4.50 at midscale restaurants. Upscale restaurants reported an average check size of $9.36—up 4.8 percent from the fall of 1987.

Menu prices on the rise

Although the cost of living, as measured by the Consumer Price Index (CPI-U) rose at a higher rate in 1988 than in 1987, national menu and grocery-store prices advanced at virtually the same pace in 1988 as in 1987. However, there were significant local variations.*

Inflation, as measured by the Bureau of Labor Statistics' Consumer Price Index (CPI), advanced 4.1 percent in 1988, higher than the 3.6 percent price increase in 1987. Although energy costs remained fairly stable in 1988, labor and other operating costs went up, helping drive up inflation. For the 12-month period ending in December 1988, food prices rose 5.2 percent. The increase in food prices in 1988 was the largest since 1980, and was partially fueled by the summer drought.

Grocery-store and menu prices displayed similar increases in 1988. The U.S. City Average Consumer Price Index (CPI-U) for food at home, which measures price changes at grocery stores, advanced 4.2 percent in 1988, virtually the same rate as in 1987. Menu prices, as measured by the U.S. City Average Consumer Price Index (CPI-U) for food away from home, grew by 4.1 percent in 1988. This rate is just slightly above the 4.0 percent menu price increase in 1987.

Food price increases kept pace with other price advances in 1988. The CPI for all items, which includes food, shelter, energy, transportation, medical, clothing and other daily living expenses, advanced 4.1 percent in 1988, compared to 3.6 percent in 1987 and 1.9 percent in 1986.

Prices vary by city

CPI data are collected on a regular basis from 15 selected cities or metropolitan areas. An analysis of grocery-store and menu price changes in these areas shows wide variation from city to city** and little consistency within regions of the country. Furthermore, there does not appear to be any relationship between increases in prices for food purchased for home consumption and increases in prices for food eaten away from home. In Baltimore, for example, menu-price increases slowed down between 1985 and 1988, but grocery-store prices increased more rapidly.

Moreover, changes in a state's minimum wage are not reflected consistently in annual changes in menu prices at the city level.

City highlights

□ In 1988 menu prices increased most rapidly in Cleveland (8.5 percent), Miami (5.9 percent) and Baltimore (5.8 percent). Resi-

**The U.S. City Average Consumer Price Index (CPI-U) measures the average change in prices for a fixed market basket of goods and services over a period of time. It covers all urban consumers and represents approximately 80 percent of the population of the United States.*

***Analysis includes areas for which data are compiled on a monthly or bimonthly basis.*

Changes in menu and grocery store prices vary greatly by city

Area	Consumer prices[1] 1987-88	Consumer prices[1] 1985-88	Grocery store prices[2] 1987-88	Grocery store prices[2] 1985-88	Menu prices[3] 1987-88	Menu prices[3] 1985-88
U.S. city average	4.1%	3.3%	4.2%	3.9%	4.1%	4.2%
Baltimore, MD	4.5	3.4	3.9	3.5	5.8	7.3
Boston, MA	6.1	4.5	4.3	4.4	3.9	5.6
Chicago, IL	3.9	3.5	4.1	5.1	2.4	2.4
Cleveland, OH	3.5	2.7	2.3	2.3	8.5	4.9
Dallas–Ft. Worth, TX	2.8	2.4	4.3	4.1	3.2	4.4
Detroit, MI	3.9	2.9	3.9	3.6	2.8	3.7
Houston, TX	2.8	1.5	5.3	4.8	1.1	1.4
Los Angeles/Long Beach, CA	4.6	4.2	3.5	4.1	3.0	2.7
Miami, FL	4.5	3.2	4.0	3.5	5.9	6.1
New York City, NY	4.8	4.6	5.6	5.3	4.5	5.9
Philadelphia, PA	4.8	4.2	4.2	4.0	2.0	2.5
Pittsburgh, PA	3.1	2.5	1.8	3.2	3.2	3.3
St. Louis, MO	3.1	2.7	2.5	3.8	4.1	3.8
San Francisco/Oakland, CA	4.4	3.7	7.1	4.8	5.1	4.8
Washington, DC	4.1	3.7	5.0	3.8	4.7	4.7

[1]*CPI-U all items, average annual percent change*
[2]*CPI-U food at home, average annual percent change*
[3]*CPI-food away from home, average annual percent change*
Source: Bureau of Labor Statistics

dents of Houston (1.1 percent), Philadelphia (2.0 percent) and Chicago (2.4 percent) saw the smallest advances in menu prices.

□ Over the three-year period between 1985 and 1988, Baltimore (7.3 percent) and Miami (6.1 percent) showed the highest average annual increases in menu prices, while Houston (1.4 percent) and Chicago (2.4 percent) saw the lowest average annual increases in menu prices over the same time period.

□ In 1988, grocery-store prices showed the largest increase in San Francisco/Oakland—a 7.1 percent gain over 1987. Pittsburgh had the smallest inflationary gain in grocery-store prices in 1988 at 1.8 percent.

□ New York City and Chicago were the two metropolitan areas with the highest average annual growth in food store prices between 1985 and 1988—5.3 percent and 5.1 percent respectively; Cleveland showed the smallest average annual increase in grocery-store prices—2.3 percent.

□ Boston posted the highest inflation rate of the 15 metropolitan areas in 1988, with prices (CPI-U for all items) rising 6.1 percent. Houston and Dallas-Ft. Worth showed the lowest increase in overall prices in 1988, with a 2.8 percent advance.

□ New York City residents saw the largest average annual price increases between 1985 and 1988. The CPI-U for all items in New York City showed a 4.6 percent average annual growth. Houston showed the smallest average annual growth in prices—at 1.5 percent—during the same three-year period.

—Nancy Michalski

Restaurant operations data by check size

A special analysis of the National Restaurant Association's 1988 industry operations survey investigates operating data by average check size for tableservice and fast food restaurants.

For the first time, restaurant industry operations data compiled by the association's annual operations survey is available by average check size. This new information provides some notable insights.

Lower check size, higher earnings ratio

Two helpful financial tools to use in analyzing restaurant operating data are (1) net income before taxes on a per-seat basis and (2) the earnings ratio—the proportion of pretax income (or loss) to total sales. According to the association's special analysis of the operations survey data, those restaurants with lower average check sizes had higher earnings ratios.

The highest median earnings ratio was recorded by limited-menu, no-tableservice (fast food) restaurants with an average check under $3 (9.1 percent), while the lowest ratio occurred at tableservice restaurants with an average check of $10 or more (2.8 percent). For 1987, fast food survey participants reported a median earnings ratio of 7.3 percent, compared to 3.5 percent for full-menu tableservice operators.

In 1987, limited-menu, no-tableservice restaurants with an average check under $3 also posted the highest per-seat median income before income taxes—$367. Limited-menu, no-tableservice establishments with an average check of $3 or more posted the second highest per-seat median income before taxes ($217), followed by full-menu tableservice restaurants with average checks under $5 ($209). By comparison, full-menu tableservice restaurants with an average check of $10 or more had the lowest median income before taxes in 1987—$112 per seat.

Payroll most important controllable expense

Included among a restaurant's controllable expenses are its payroll, benefits and advertising costs. In 1987, limited-menu, no tableservice survey participants reported that controllable expenses were 41.5 percent of total sales, compared to a higher 49.2 percent for full-menu operators.

When controllable ex-

Advertising and promotion expenses were highest at fast food restaurants

Selected income and expenses	Limited menu, no tableservice		Full-menu, tableservice		
	Average check under $3	Average check $3 or more	Average check under $5	Average check $5-$9.99	Average check $10 or more
Total sales	$5,930	$6,015	$4,512	$3,283	$3,867
Total cost of sales	2,152	2,153	1,539	1,367	1,908
Gross profit	4,024	4,133	2,945	2,524	3,303
Total controllable expenses	2,821	2,572	2,422	1,946	2,515
• Payroll	1,612	1,542	1,386	1,161	1,397
• Benefits	117	76	110	68	153
• Advertising and promotions	158	240	80	76	109
Total occupation cost	478	500	335	293	358
Net income before income taxes	367	217	209	147	112

*median values

Source: National Restaurant Association, *Restaurant Industry Operations Survey 1988*

Selected employee information,* 1987

Tableservice restaurants with an average check of $10 or more had the highest payroll costs per employee

	Full-time equivalent employees			Amount per full-time equivalent employee		
	Total	Per 100 restaurant seats	Per 100 average daily covers	Total sales	Total payroll	Average daily seat turnover
Limited menu, no tableservice						
Average check						
Under $3	11.0	22.2	3.2	$28,833	$7,336	7.9
$3 or more	14.8	22.0	4.3	34,409	8,365	4.0
Full-menu tableservice						
Average check						
Under $5	25.8	17.5	5.1	26,233	8,254	3.8
$5–$9.99	27.5	15.0	10.6	26,603	7,900	1.5
$10 or more	34.8	16.1	17.6	30,517	9,731	0.9

**All amounts are medians*

Source: National Restaurant Association, *Restaurant Industry Operations Survey 1988*

pense data are examined by average check size, fast food restaurants with an average check size under $3 reported the lowest proportion of controllable expenses to sales—39.2 percent, compared to full-menu operations with an average check size of $10 or more at 49.9 percent. Payroll costs are a major factor in this variation. Although fast food restaurants reported the highest payroll on a per seat basis, their payroll costs were actually a lower proportion of total sales. For example, payroll costs at fast food establishments with an average check under $3 comprised 23.7 percent of total sales, compared to 29.3 percent for full-menu operators with average checks under $5.

Advertising and promotions spending higher at fast food units

Restaurant advertising and promotional spending were also higher at establishments with lower average checks. In 1987, fast food survey respondents with an average check of $3 or more reported the highest median advertising and promotional spending per seat—$240. This is double the amount for tableservice restaurants with an average check under $10.

For 1987, limited-menu, no-tableservice survey participants reported that median advertising and promotional expenses were 2.5 percent of total sales, compared to a lower 1.9 percent for full-menu tableservice establishments.

Staffing grows as check size increases

Staffing demands at higher-average-check establishments were larger than for lower-check operations, indicating the increased emphasis on service at higher-check restaurants.

Full-menu tableservice restaurants with an average check of $10 or more had the largest number of full-time-equivalent employees in 1987—34.8. Fast food restaurants with an average check under $3 employed the fewest individuals on a full-time equivalent basis–11.

Tableservice restaurants with the highest average check also had the highest median payroll per full-time-equivalent employee ($9,731) in 1987. Fast food operations had the lowest ($7,336).

—Hudson Riehle

How to order the report

The National Restaurant Association's *Restaurant Industry Operations Report—1988* provides a state-of-the-industry look at financial operating data. A copy of the report (CS 958) costs $30 for members and $60 for nonmembers. When ordering, please include payment plus a 10 percent shipping and handling fee and any applicable tax. Washington DC residents must add 6 percent; Illinois residents must add 7 percent; and Chicago residents must add an additional 1 percent, making their total tax 8 percent. No purchase orders, please.

You can charge orders by including name of charge card, name of cardholder, card number, expiration date and signature. Credit-card telephone orders are also accepted. Call the National Restaurant Association at 1-800-424-5156 (toll free) or (202) 331-5900. Checks or money orders should be sent to the National Restaurant Association, 1200 Seventeenth Street, N.W., Washington DC 20036-3097.

Foodservice Market Measure, Dec. 1988

On a typical December day in 1988, 28 percent of adults ate on the premises of a restaurant and 19 percent purchased food to go or for delivery. Overall, 45 percent of adults were foodservice consumers on a typical day in December 1988, nearly identical to the proportions recorded monthly since June.

Nevertheless, lunch patronage reached its highest level in December, with 23.2 percent of adults reporting that they were lunch patrons on a typical day. Conversely, dinner patronage slipped further, reaching its lowest level since the Market Measure began tracking patronage in June. In the closing days of 1988, 19.1 percent of adults reported that they were dinner patrons, down from the 23 and 24 percent who were patrons in the summer months of June and July.

Lunch patronage

With approximately 68 percent of lunch occasions occurring on premises rather than off premises, consumers are much more likely to eat lunch than dinner at a foodservice establishment, as opposed to purchasing takeout. Furthermore, demographic data indicate that consumers regard eating lunch at a restaurant as a necessity. In many cases, eating lunch out is clearly related to being at work.

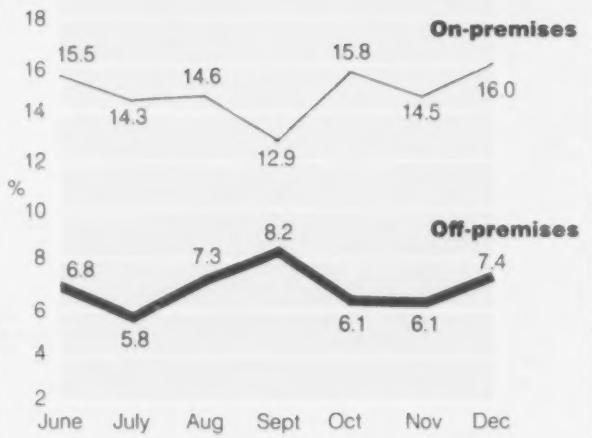
□ **Employment:** Women who are employed full-time are more likely to be lunch patrons than are those who work part-time or not at all.

□ **Income:** The overall demographic pattern—in which higher-income adults are more likely to be foodservice patrons than lower-income adults—is less pronounced at the midday meal, again underscoring the essential nature of purchasing lunch away from home.

□ **Day of week:** In contrast to the pattern that exists at dinner—where patronage builds during the week—consumers are more likely to be lunchtime patrons early in the week and somewhat less inclined to eat lunch out on weekends.

—Susan Mills

Percent of adults who were lunch patrons on a typical day, June–December 1988



Source: National Restaurant Association Gallup Survey

Demographics of lunch patrons, fall versus summer 1988

	Percent of adults who were lunch patrons	
	Summer	Fall
Sex		
Male	49%	51%
Female	46	44
Annual income		
Less than $15,000	39	53
$15,000 to $19,999	47	51
$20,000 to $29,999	45	44
$30,000+	51	50
Women's employment statistics		
Full-time employment	50	48
Part-time employment	39	39
Not employed	41	39
Day of week		
Monday	59	58
Tuesday	52	48
Wednesday	49	49
Thursday	49	51
Friday	44	46
Saturday	42	41
Sunday	38	39

Note: *Data refer to patrons on a typical day.*
Source: National Restaurant Association Gallup Survey

Foodservice Market Measure

The Foodservice Market Measure is based on 1,000 telephone interviews, conducted by the Gallup Organization each month, with a nationally representative sample of adults age 18 and older. Each person is asked the same questions:

1. Which of the following did you do yesterday?

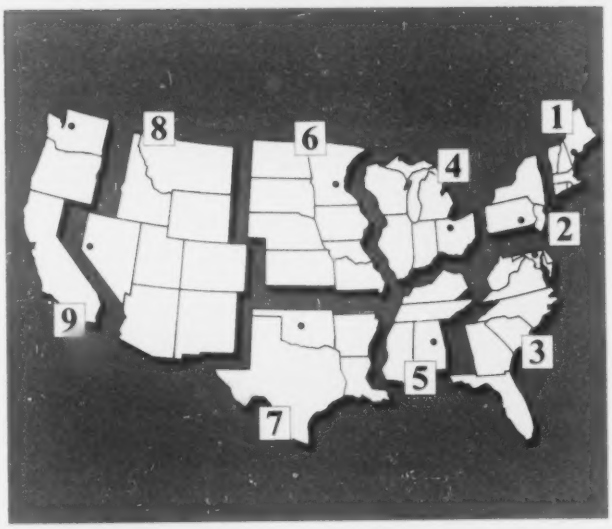
□ Ate on the premises of a restaurant, fast food place, cafeteria or any other place where you purchased a meal or snack, or

□ Purchased takeout food "to go" or had it delivered.

2. Was the food you ate on premises yesterday for breakfast, lunch, dinner or a snack?

3. Was the takeout food you purchased or had delivered for breakfast, lunch, dinner or a snack?

The monthly tracking of purchases is supplemented by quarterly inquiries on topics of industry interest, such as smoking versus no-smoking sections, tipping versus service charges, and nutritional concerns.



1 NEW ENGLAND

Location: Portland, ME
Association members: Daphne Dow, Martha and Wesley Smith
Operation: T.J. Cinnamons
Profile: One of two franchise units in Maine and New Hampshire
In business: 3 months
Seats: 75
Meals served: Breakfast

T.J. Cinnamons, in the heart of Portland's old port district, opened this past December, and manager **Daphne Dow** says that even in the slow post-holiday period, sales have continued to increase steadily.

The original T.J. Cinnamons opened in Kansas City in 1980; there is now one in every state. The Portland store is owned by Martha Smith, whose corporation, Crumb Castle, Ltd., has the franchise rights for T.J. Cinnamons for Maine and New Hampshire. Smith currently owns one other T.J. Cinnamons—in Dover, New Hampshire—but has chosen sites for an additional 15 units.

The chain is famous for its large, two-handed cinnamon buns; but cookies, brownies and baby bundt cakes, all baked on premises, are also available. The store sells frozen yogurt, too, as well as herbal teas, sodas, fruit juices and a regular or decaffeinated Colombian coffee.

Freshness is key; anything more than two hours old is either frozen or given to charity.

2 MID-ATLANTIC

Location: Pottstown, PA
Association members: Martin Fields, Phil Columbo, Tony Popple
Operation: Denny's Restaurant
Profile: Midscale franchise restaurant
In business: 2 months
Seats: 109
Meals served: Breakfast, lunch, dinner

From the time it opened (December 26 at 12:01 a.m.) until January 7, Denny's of Pottstown didn't have a single empty seat from early morning until late evening. "Even now," says manager **Tony Popple,** "we're doing a great business." He attributes the success to Fields Hotel Management Inc., owner of the franchise unit, which strives for quality at a reasonable price by providing leadership that is supportive and stimulating and enough independence for individual units to be on their own.

Denny's is open 24 hours a day. It serves steaks, chops, omelets, appetizers, salads and treats from the soda fountain. It caters to the young with Fred Flintstone menus and comic books and to the senior citizens by offering half portions at half price.

The Pottstown unit has the feeling of an old diner, with lots of chrome trim. Fresh flowers and artwork help give the restaurant an open, bright look. The cocktail lounge, offering drink specials, is a big drawing card for this Denny's.

3 SOUTH ATLANTIC

Location: Elkton, MD
Association member: Ralph Jacklin
Operation: Iron Skillet
Profile: Truck-stop restaurant
Seats: 178
In business: 3 years
Meals served: Breakfast, lunch, dinner

Ralph Jacklin, president of Highway Service Ventures, owns the Iron Skillet in the truck stop at the interchange of U.S. 95 and MD 279, in the northeastern corner of Maryland.

Like other Iron Skillets across the country—22 of them company-owned and six of them belonging to franchisees—it is designed to attract tourists and locals as well as truckers.

Open 24 hours a day and serving food with a Southwestern flair, the Iron Skillets boast that all their food is cooked from scratch. Specialties are chili and chiliburgers, chicken-fried steak, real mashed potatoes, and homemade cobblers and pies. In the past few years they've added lighter fare, including a broiled chicken-breast entree for health-conscious customers.

Jacklin says his business is still growing. Last year he opened another Iron Skillet, near Richmond, Virginia, and he plans to open an additional unit each year for the next three years.

4 EAST NORTH CENTRAL

Location: Urbana, OH
Association members: Carl and Gale Fogelson
Operation: Ponderosa
Profile: One of two Ponderosa units owned by the Fogelsons
In business: 2 years
Seats: 200
Meals served: Lunch, dinner

Business at their two Ponderosas in central Ohio is up, according to co-owner **Carl Fogelson.** The units are in small communities, Urbana and Belle Fountaine, and are supported by workers from the area's small industries.

Ponderosa is primarily a steakhouse, but last June a new concept—the Grand Buffet—was initiated; and Fogelson credits this new idea for the rise in business.

Customers of the Grand Buffet can choose from more than 80 items, including hot appetizers such as chicken wings and popcorn shrimp, entrees, steamed vegetables, pastas and fresh fruit. The Grand Buffet can accompany a steak, fish or chicken-breast order, or it can be ordered as a complete meal of its own.

5 EAST SOUTH CENTRAL

Location: Anniston, AL
Association members:

J.R. Moreland, Chad Uesry
Operation: Long John Silver's
Profile: Fast food, fish restaurant
In business: 12 years
Seats: 84
Meals served: Lunch, dinner

Chad Uesry, manager of one of two Long John Silver's units in Anniston, Alabama, says business is steadily increasing, thanks to a flow of customers from nearby Fort McClellan and from the town itself. Within eight months a new mall is due to open in Anniston, which is 60 miles east of Birmingham, promising to increase business even more.

There are six other fast-food restaurants within a half-mile, but Long John Silver's is the only one specializing in seafood. It offers fish, oysters, clams and shrimp, as well as chicken—all fried in vegetable oil.

6 WEST NORTH CENTRAL

Location: St. Paul, MN
Association members: Roger Atkinson, Larry Windingstad
Operation: White Castle
Profile: One of 13 White Castles in the Minneapolis and St. Paul area
In business: 61 years
Seats: 40
Meals served: Breakfast, lunch 24 hours a day

The White Castle operations in the Minneapolis and St. Paul area are part of a privately owned chain of 228 in metropolitan areas in the Eastern and Midwestern states.

The first White Castle was founded in Wichita, Kansas, in 1921. The small, square hamburgers are still prepared the way they were in 1921—steamed over a bed of onions. But the chain is trying to attract a new generation and has made some changes. For instance, it has recently added a children's meal, and many of the stores now have drive-thru service. And whereas the original White Castles consisted of a counter with stools for five, the newer buildings can seat from 50 to 60 people.

Hamburgers are still the big seller, but a fish sandwich, french fries, onion chips and onion rings are also available. In the Twin Cities area, a deep-fried turkey-patty sandwich sells well—other areas seem to favor the chicken-patty version. There's also a breakfast menu for the St. Paul/Minneapolis stores, which like others in the chain, are open 24 hours a day.

Area assistant manager **Roger Atkinson** says business has been good, which he credits to the new drive-thrus and menu additions.

7 WEST SOUTH CENTRAL

Location: Bethany, OK
Association members: Bill and Vera Brazil
Operation: Brazil Enterprises
Profile: Company owning four Kettle Restaurants
In business: 11 years
Seats: 120
Meals served: Breakfast, lunch, dinner

Kettle Restaurants, usually found near motels in the South and Southwest, are casual, family-style restaurants open 24 hours a day. Kettle Restaurants are known for their breakfast items; the franchise units owned by the Brazils, in the Oklahoma City area, offer crepes, pancakes and waffles made from the restaurants' own recipes.

During the week, a breakfast bar offers traditional fare of bacon, sausage, eggs, etc. On weekends, a smorgasbord also features four meat entrees, vegetables, salads and desserts. All items on the menu are available around the clock. There is at least one dinner special during the week.

Bill and Vera Brazil report that even though the area's economy has been down, their business is up.

8 MOUNTAIN

Location: Reno, NV
Association members: Joe Pulliam, Michael Schulson, Harry Sax
Operation: Arby's
Profile: One of 42 franchise units owned by Lunan Corp., Chicago
In business: 10 years
Seats: 80
Meals served: Lunch, dinner

The Arby's on the main strip of Reno is one of two in the city, owned by Lunan Corp., Chicago—owners of 41 other Arby's units in Las Vegas and Chicago.

Reno is known for its casinos; but the town, in the Sierra Nevada range and 30 minutes from Lake Tahoe, also attracts vacationers, conventioneers and local citizens. The other Reno Arby's is in Sparks, a bedroom community, and attracts mainly families. "We do well," says director of operations **Joe Pulliam.** "We could use another store." The town is becoming more aggressive in attracting new businesses; new shopping centers are opening in the area, making for a healthier economy.

Arby's now offers 13 or more different sandwiches, but the roast-beef sandwich is still the biggest seller. Six months ago the restaurant began offering curly fries, a breaded and seasoned french fry, that now accounts for 8 to 10 percent of sales. Desserts include milkshakes and Eli's famous cheesecake.

The Reno Arby's is freestanding, with a drive-thru.

9 PACIFIC

Location: Kent, WA
Association member: Mike Cuzzetto
Operation: King's Table
Profile: Buffet-style restaurant belonging to Horn & Hardart chain
In business: 15 years
Seats: 160
Meals served: Lunch, dinner

King's Tables, owned by Horn & Hardart and found in the West, offer a buffet that gives diners a choice of as many dishes as they like from the salad, entree, beverage and dessert sections of the menu—all at one fixed price.

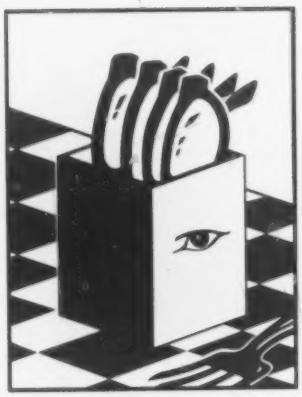
Thursdays are family nights; the charge for children is based on their ages, and the menu features certain items, such as pizza and banana splits, guaranteed to please the youngsters. The restaurant aims to attract seniors, too, by issuing them cards entitling them to a discount.

The Kent King's Table is a freestanding building in a small shopping complex, 10 blocks from the city's center. The once-rural area is growing, thanks to an ever-expanding Boeing plant in Seattle, 12 miles away. Business is good, says manager **Mike Cuzzetto,** with this year's customer count slightly above last year's.

—Julie Fintel

An eye-opener

Carolyn Rosner of Warrington, Pennsylvania, discovered that she wasn't the only one who frequently forgot to bring her glasses to a restaurant and then couldn't read the menu. Through an informal polling of friends, she found that it was a pretty common problem. So she created "Dining Eyes," a portable cube that holds three pairs of reading glasses of low, medium and high magnification, and that can be placed on the table—or brought to the table on request—for far-sighted customers to use.



The Dining Eyes cube costs $50 and comes with cards that can be attached to menus announcing the service.

—Dining Eyes, Incorporated

Why do good workers quit?

When a good worker walks, it's not usually because the salary is low. Robert Half International, a firm specializing in recruitment, asked managers, executives and personnel directors, "Why do good employees quit?" Here's a report of the findings:

- 47 percent said that employees felt that opportunities for advancement were limited
- 26 percent listed lack of recognition as a problem
- 15 percent said that unhappiness with managers was a main reason for leaving
- 6 percent pointed to inadequate salary or benefits and
- 6 percent said employees were bored with their jobs.

—American Express Travel-Related Services

No no-shows

Washington DC restaurant Jean-Louis reported 100 percent attendance for its New Year's Eve celebration this year—not a single no-show. How did the restaurant manage such a feat? By calling each reservation three times. Three days before New Year's Eve, the call was simply to confirm the reservation. Two days prior to the big night, the call confirmed the exact number in the party. The day before, the restaurant called to make sure there was no change in plans.

That's a lot of dialing, but the effort was clearly worth it. Jean-Louis was determined to avoid last year's New Year's Eve attendance record, when one-third of the promised patrons never showed.

—The Washington Post

Another pizza breakthrough?

Pizza Hut and Marriott will be working together to serve personal pan pizzas from 900 kiosks nationwide in locations such as airports, hospitals, and business and educational facilities. Marriott test-marketed the kiosks, selling the individual deep-dish pizzas for 11 months, before the two companies decided to go ahead with the plan. Even though the kiosks will not bring a large profit to Marriott, both companies look forward to the exposure that the kiosks will bring.

—The Washington Times

Nashville gets a taste of the islands

Island paradise in Nashville, Tennessee? It may seem improbable, but owners of the newly opened Rainbow Key restaurant in the country-music capital of the nation want their patrons to experience something completely different—a tropical oasis. Glen Smith and Jay Young traveled throughout Florida, Mexico and the Caribbean researching the theme for their new restaurant. And they brought back plenty of ideas. A full-size, crimson lifeguard stand; tables made from surfboards; and oil drums painted with island scenes and converted into barstools for the bamboo bar give an island mood. Ceramic parrots hang from palm trees, and servers wear Hawaiian shirts and shorts. The food, too, has a tropical flair. Coconut shrimp, Jamaican jerk chicken, conch fritters and Key Lime pie are just a few of the offerings.

Adventurous customers can grab a Hula-Hoop if they are in the mood, or even try their hand at the limbo stick. The whole point is for everyone to follow the restaurant's adopted theme song as sung by Bobby McFerrin, "Don't Worry, Be Happy."

—Sharp McQueen & Associates, Inc.

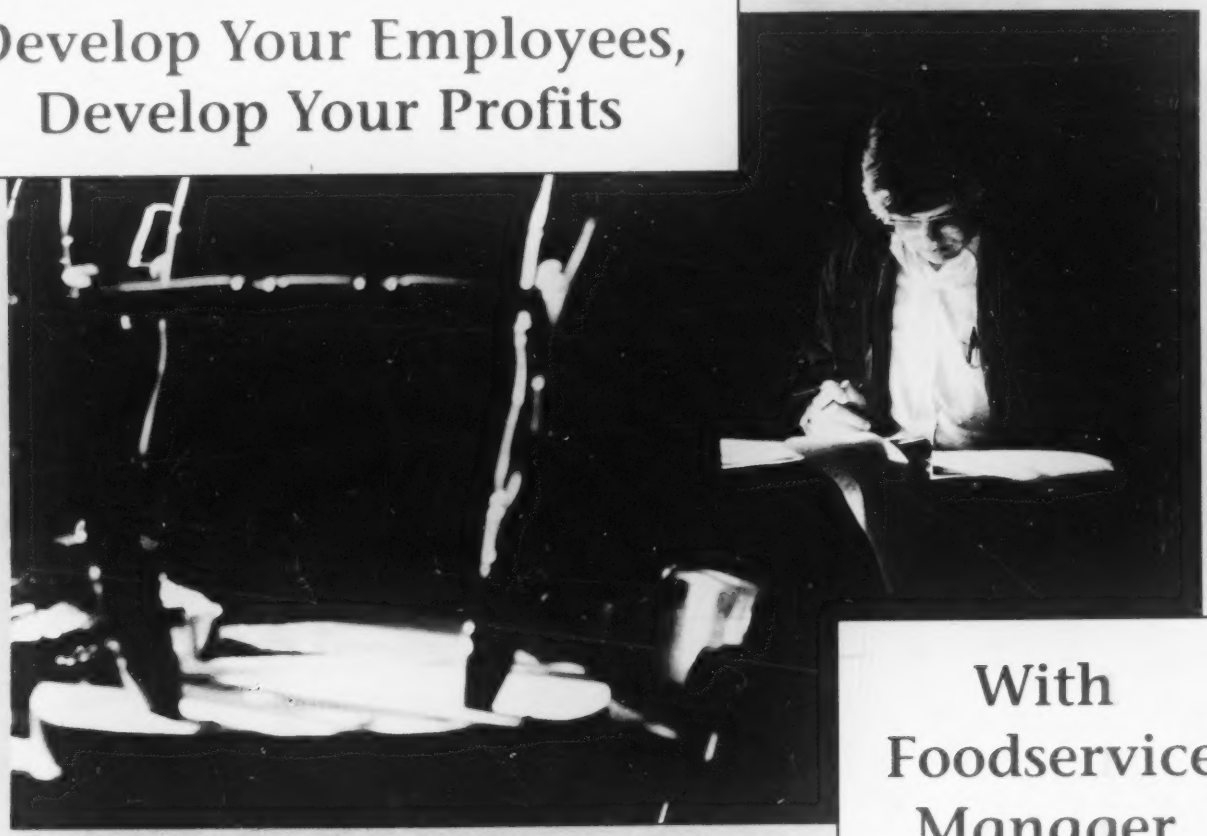
From Russia—with humor

A Russian comedian pitching an American hotel chain? Best Western International is betting that standup comic Yakov Smirnoff, who was born in the Soviet Union and became a U.S. citizen in 1986, will encourage consumers to discover its hotels and motor inns through his peculiar brand of humor, in which he "innocently discovers" things that make up the American way of life. The company has launched a $14 million TV, radio and print advertising campaign that features the popular performer.

Smirnoff wrote a series of travel-related jokes and tested them in his standup routine so that the material that drew the best response could be incorporated into the Best Western ads.

—Best Western International News

Develop Your Employees, Develop Your Profits



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